# The Deindustrialization of Metropolitan Toronto:

## Case Studies

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(CUPE Local 1777)

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# Introduction

This paper contains 60 case studies of plant closures and incidents of lay-offs in Metropolitan Toronto over the period January 1, 1981 to March 1984. The sample is derived from Ministry of Labour records of full and partial closures and reduced operations that were reported to the Ministry under advance notice requirements of Ontario Legislation.

This volume is intended to be a supplement to the report, The Deindustrialization of Metropolitan Toronto: A Study of Plant Closures, Layoffs and Unemployment. The methodology for the investigation is presented in that volume along with a synthesis of the cases and an analysis of the overall factors contributing to the loss of manufacturing jobs from Metropolitan Toronto.

The report begins with a presentation of aggregate trends in the manufacturing sector at the Toronto Census Metropolitan Area. Unfortunately detailed industrial sector data are not available for Metropolitan Toronto. These data provide a picture of the overall trends in job growth and declines for two periods 1975 to 1981 and 1981 to 1983. These data are from Statistics Canada's survey of large firms (20 or more employees). (See Table 1).

The line by line list of full and partial closures and reduced operations used for the study is included as Table 2. Those cases described in this report are marked with an asterisk. A detailed description of the method of selection of cases is included in the companion report. Some cases are listed twice because they involve two layoff events, for example, a preliminary layoff then subsequent layoffs or a partial or full closure.

Cases are grouped by major industry sector. Each sector is introduced with a brief description of the trends in employment in the sector since 1975. These data are drawn from Statistics Canada's Census

of Manufacturers, which is a census of all size firms, for the period 1975 to 1981, and the Survey of Employment, Earnings and Hours, which is a survey of large firms only for 1981 to 1983. Both data sets refer to employment levels at the Toronto CMA levels.

Table 1

Stats Can. EEH

TORONTO CMA LARGE FIRM EMPLOYMENT DATA (FEBRUARY) 1975-1981-1983 SOURCE #72-002

| | SIC | EMPLOYMENT ('000) | | | EMPLOYMENT SHIFT ('000) | | | PERCENT CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1975 | 1981 | 1983 | 75-81 | 81-83 | 75-83 | 75-81 | 81-83 | 73-83 |
| MANUFACTURING | 100-399 | 287.8 | 304.6 | 271.1 | 16.8 | (33.5) | (16.7) | 5.8 | (11.0) | (5.8) |
| DURABLE | | 130.4 | 136.5 | 112.3 | 6.1 | (24.2) | ( 1.8) | 4.7 | (17.7) | (13.9) |
| NON-DURABLE | | 157.4 | 168.1 | 158.8 | 10.7 | ( 9.3) | 1.4 | 6.8 | ( 5.5) | .9 |
| FOOD 7 BEVERAGES | 100-147 | 31.6 | 33.8 | 31.6 | 2.2 | ( 2.2) | 0 | 7.0 | ( 6.5) | 0 |
| FOODS | 100-139 | 27.1 | 28.5 | 26.6 | 1.4 | ( 1.9) | ( .5) | 5.2 | ( 6.7) | ( 1.8) |
| SLAUGHTER MEAT PRODUCTS | 101 | 5.5 | 6.3 | 5.9 | .8 | ( .4) | ( .4) | 14.5 | ( 6.3) | 7.3 |
| BAKERIES | 129 | 5.0 | 3.7 | 3.1 | (1.3) | ( .6) | ( 1.9) | (26.0) | (16.2) | (38.0) |
| RUBBER PRODUCTS | 160-169 | 5.1 | 4.7 | 4.0 | ( .4) | ( .7) | ( 1.1) | ( 7.8) | (14.9) | (21.6) |
| TEXTILE PRODUCTS | 180-229 | 7.2 | 8.3 | 7.9 | 1.1 | ( .4) | .7 | 15.3 | ( 4.8) | 9.7 |
| CLOTHING | 240-249 | 12.4 | 13.4 | 11.8 | 1.0 | ( 1.6) | ( .6) | 8.1 | (11.9) | ( 4.8) |
| MEN'S CLOTHING | 243 | 6.1 | 6.1 | 5.4 | 0 | ( .7) | ( .7) | 0 | (11.5) | (11.5) |
| WOMEN'S CLOTHING | 244 | 4.5 | 5.1 | 4.6 | .6 | ( .5) | .1 | 13.3 | ( 9.8) | 2.2 |
| FURNITURE & FIXTURES | 260-269 | 8.0 | 10.6 | 8.7 | 2.6 | ( 1.9) | .7 | 32.5 | (17.9) | 8.7 |
| PAPER & ALLIED | 270-274 | 15.8 | 14.2 | 13.4 | (1.6) | ( .8) | ( 2.4) | (10.1) | ( 5.6) | (15.2) |
| PAPER BOXES & BAGS | 273 | 6.1 | 5.4 | 5.4 | ( .7) | 0 | ( .7) | (11.5) | 0 | (11.5) |

Table 1

Stats Can. EEH

TORONTO CMA LARGE FIRM EMPLOYMENT DATA (FEBRUARY) 1975-1981-1983 SOURCE #72-002

| | SIC | EMPLOYMENT ('000) | | | EMPLOYMENT SHIFT ('000) | | | PERCENT CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1975 | 1981 | 1983 | 75-81 | 81-83 | 75-83 | 75-81 | 81-83 | 73-83 |
| OTHER PAPER CONVERTERS | 274 | 8.0 | 6.6 | 5.8 | (1.4) | ( .8) | ( 2.2) | (17.5) | (12.1) | 27.5 |
| PRINTING, PUBLISH & ALLIED | 280-289 | 23.5 | 27.0 | 26.0 | 3.5 | ( 1.0) | 2.5 | 14.9 | ( 3.7) | 10.6 |
| COMMERCIAL PRINTING | 280 | 11.6 | 12.5 | 12.0 | .9 | ( .5) | .4 | 7.8 | ( 4.0) | 3.4 |
| PRINTING & PUBLISHING | 289 | 7.3 | 7.6 | 7.7 | .3 | .1 | .4 | 4.1 | 1.3 | 5.5 |
| PRIMARY METAL IND. | 290.8 | 4.1 | 4.8 | 4.3 | .7 | ( .5) | .2 | 17.1 | (10.4) | 4.9 |
| METAL FABR. IND. | 300-309 | 30.3 | 29.4 | 23.3 | ( .9) | ( 6.1) | ( 7.0) | (3.0) | (20.7) | (23.1) |
| METAL STAMPING COATING, PRINT. | 304 | 8.6 | 8.5 | 7.7 | ( .1) | ( .8) | ( .9) | (1.2) | ( 9.4) | (10.5) |
| MISC. METAL FABRIC. | 309 | 4.6 | 3.8 | 2.9 | ( .8) | ( .9) | ( 1.7) | (17.4) | (23.7) | (37.0) |
| MACHINERY OR ELECTRICAL | 310-318 | 18.2 | 16.5 | 12.9 | ( 1.7) | ( 3.6) | ( 5.3) | ( 9.3) | (21.8) | (29.1) |
| MISC. MACH. & EQUIP. | 315 | 10.3 | 10.1 | 8.3 | ( .2) | ( 1.8) | ( 2.0) | ( 1.9) | (17.8) | (19.4) |
| OFFICE & STORE MACH. | 318 | 4.9 | 4.3 | 3.4 | ( .6) | ( .9) | ( 1.5) | (12.2) | (20.9) | (30.6) |
| TRANSP.EQUIP. | 320-329 | 24.4 | 30.3 | 24.1 | 5.9 | 6.2 | ( .3) | 24.2 | (20.5) | ( 1.2) |

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TORONTO CMA LARGE FIRM EMPLOYMENT DATA (FEBRUARY) 1975-1981-1983 SOURCE #72-002

| | SIC | EMPLOYMENT ('000) | | | EMPLOYMENT SHIFT ('000) | | | PERCENT CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1975 | 1981 | 1983 | 75-81 | 81-83 | 75-83 | 75-81 | 81-83 | 73-83 |
| ELECTRICAL PROD. | 330-339 | 35.1 | 34.9 | 30.2 | ( 0.2) | (4.7) | (4.9) | ( .6) | (13.5) | (14.0) |
| COMMUNIC. EQUIP | 335 | 7.6 | 9.4 | 9.3 | 1.8 | .1 | 1.7 | 23.7 | ( 1.1) | 22.4 |
| ELECT. IND. EQUIP | 336 | 8.6 | 8.5 | 6.5 | ( .1) | (2.0) | (2.1) | ( 1.2) | (23.5) | (24.4) |
| NON-METAL MINERAL PRODUCTS | 340-359 | 8.6 | 7.4 | 6.2 | ( 1.2) | (1.2) | (2.4) | (14.0) | ( 5.0) | (27.9) |
| PETROL & COAL PR. | 360-369 | 7.2 | 9.0 | 9.5 | 1.8 | .5 | 2.3 | 25.0 | 2.7 | 31.9 |
| CHEMICALS & CHEMICAL PROD. | 370-379 | 19.9 | 20.4 | 20.7 | .5 | .3 | .8 | 2.5 | 1.5 | 4.0 |
| MISC. MANUF. IND. | 380-399 | 27.7 | 30.5 | 27.4 | 2.8 | (3.1) | ( .3) | 10.1 | (10.2) | (1.1) |
| SCIENTIFIC & PROF. EQUIP. | 381 | 8.3 | 9.0 | 8.5 | .7 | ( .5) | .2 | 8.4 | ( 5.6) | 2.4 |
| CONSTRUCTION | 400-421 | 30.6 | 26.8 | 21.3 | ( 3.8) | (5.5) | (9.3) | (12.4) | (20.5) | (30.4) |
| BUILDING | 404-421 | 23.9 | 19.5 | 16.3 | ( 4.4) | (3.2) | (7.6) | (18.4) | (16.4) | (31.8) |
| GENERAL CONTRACTORS | 404 | 6.5 | 4.1 | 2.8 | ( 2.4) | (1.3) | (3.7) | (36.9) | (31.7) | (56.9) |
| SPEC. TRADE CONTRACTOR | 421 | 17.5 | 15.4 | 13.5 | ( 2.1) | (1.9) | (4.0) | (12.0) | ( 5.0) | (22.9) |
| ENGINEERING | 406-409 | 6.7 | 7.3 | 4.9 | .6 | (2.4) | (1.8) | 9.0 | ( 1.1) | (26.9) |
| TRANSP. COMMUN. & UTILITIES | 500-579 | 80.7 | 96.3 | 96.0 | 15.6 | ( .3) | 15.3 | 19.3 | ( .3) | 19.0 |

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| | SIC | EMPLOYMENT ('000) | | | EMPLOYMENT SHIFT ('000) | | | PERCENT CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1975 | 1981 | 1983 | 75-81 | 81-83 | 75-83 | 75-81 | 81-83 | 73-83 |
| TRANSPORTATION | 500-519 | 32.7 | 37.8 | 37.5 | 5.1 | ( .3) | 4.8 | 15.6 | ( .8) | 14.7 |
| TRUCK TRANSP. | 507 | 9.9 | 10.9 | 10.0 | 1.0 | ( .9) | .1 | 10.1 | ( 8.3) | 1.0 |
| COMMUNICATION | 543-548 | 30.2 | 37.8 | 35.5 | 7.6 | (2.3) | 5.3 | 25.2 | ( 6.1) | 17.5 |
| ELECT. POWER, GAS AND WATER | 572-579 | 17.0 | 19.8 | 22.2 | 2.8 | 2.4 | 5.2 | 16.4 | 12.1 | 30.6 |
| TRADE | 600-699 | 155.4 | 178.1 | 168.4 | 22.7 | (9.7) | 13.0 | 14.6 | ( 5.4) | 8.4 |
| WHOLESALE TRADE | 600-629 | 56.0 | 65.6 | 59.6 | 9.6 | (6.0) | 3.6 | 17.1 | ( 9.1) | 6.4 |
| RETAIL TRADE | 630-699 | 99.4 | 112.5 | 108.8 | 13.1 | (3.7) | 9.4 | 13.2 | ( 3.3) | 9.5 |
| FOOD STORES | 631 | 19.1 | 22.0 | 23.6 | 2.9 | (1.6) | 1.3 | 15.2 | ( 7.3) | 6.8 |
| DEPART. STORES | 642 | 41.1 | 40.3 | 35.3 | ( .8) | (5.0) | ( 5.8) | ( 1.9) | (12.4) | (14.1) |
| AUTO PROD. STORES | 652-658 | 12.8 | 15.0 | 13.8 | 2.2 | (1.2) | 1.0 | 17.2 | ( 8.0) | 7.8 |
| FINANCE, INSUR & RE | 700-737 | 79.0 | 104.2 | 103.5 | 25.2 | ( .7) | 24.5 | 31.9 | ( .7) | 31.0 |
| FINANCIAL INSTITUTION | 701-709 (80-83) 702-704 (1975) | 44.2 | 58.7 | 59.1 | 14.5 | .4 | 14.9 | 32.8 | .7 | 33.7 |
| INSURANCE AND REAL ESTATE | 731-737 | 34.8 | 45.4 | 44.4 | 10.6 | (1.0) | 9.6 | 30.5 | ( 2.2) | 27.6 |

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TORONTO CMA LARGE FIRM EMPLOYMENT DATA (FEBRUARY) 1975-1981-1983 SOURCE #72-002

| | SIC | EMPLOYMENT ('000) | | | EMPLOYMENT SHIFT ('000) | | | PERCENT CHANGE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1975 | 1981 | 1983 | 75-81 | 81-83 | 75-83 | 75-81 | 81-83 | 73-83 |
| SERVICE | 850-899 | 104.4 | 155.7 | 153.4 | 51.3 | ( 2.3) | 49.0 | 49.1 | (1.5) | 46.9 |
| RECREATIONAL SERVICES | 851-859 | 10.6 | 15.2 | 16.9 | 4.6 | 1.7 | 6.3 | 43.4 | 11.2 | 59.4 |
| BUSINESS SERV. | 861-869 | 37.5 | 54.0 | 51.6 | 16.5 | ( 2.4) | 14.1 | 44.0 | ( 4.4) | 37.6 |
| PERSONAL SERV. | 871-879 | 33.9 | 54.4 | 52.3 | 20.5 | ( 2.1) | 18.4 | 60.5 | ( 3.9) | 54.3 |
| LAUNDRIES, PRESSERS, CLEANERS | 874 | 4.2 | 4.4 | 4.4 | .2 | 0 | .2 | 4.8 | 0 | 4.8 |
| HOTELS, REST. & TAVERNS | 875 | 27.6 | 48.8 | 46.0 | 21.2 | ( 2.8) | 18.4 | 76.8 | (5.7) | 66.7 |
| MISC. SERVICES | 891-899 | 22.4 | 32.1 | 32.6 | 9.7 | .5 | 10.2 | 43.3 | 1.6 | 45.5 |
| INDUS. COMPOSITE | 031-899 | 739.7 | 868.3 | 815.6 | 128.6 | (52.7) | 75.9 | 17.4 | (6.1) | 10.3 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC - PRODUCT | | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| 1981 | | | | | |
| REDUCED OPERATIONS: | | | | | |
| *CAMCO INC. | 3320 | major appliances, electric | USA | 1 | 90 |
| *CCM LTD. | 3931 | sporting goods | CAN | 1 | 228 |
| CANADIAN DOMINION LEASING COR | 8690 | services to management | CAN | 1 | 87 |
| DE HAVILLAND OF CANADA LTD. | 3210 | aircraft and aircraft parts | CAN | 1 | 512 |
| INGLIS LTD. | 3320 | major appliances | USA | 1 | 103 |
| *STANDARD MODERN TECHNOLOGIES | 3150 | nuclear reactor components | CAN | 1 | 61 |
| *JOHNS-MANVILLE CANADA INC. | 3799 | chemicals n.e.c. | USA | 1 | 91 |
| PARTIAL CLOSURES - 1981 | | | | | |
| *JOHNS-MANVILLE CANADA INC. | 3799 | chemicals n.e.c. | USA | 1 | 91 |
| *SKF OF CANADA LTD. | 2980 | bearings | other | 1 | 275 |
| *SWIFT EASTERN LTD. | 1011 | meat products | | 9 | 70 |
| *YORK-RUSSEL INC. | 3020 | Fabricated structural steel | CAN | 9 | 21 |
| COMPLETE CLOSURES - 1981 | | | | | |
| AGINCOURT MOTOR HOTEL LTD. | 8810 | hotel | CAN | sale | 54 |

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PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES

IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC - PRODUCT | | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| COMPLETE CLOSURES - 1981 Contd. | | | | | |
| *AMERICAN BILTRITE LTD. | 3250 | motor vehicle parts | USA | 1 | 28 |
| *AULT FOODS LTD | 1072 | bakery products | CAN | 1 | 60 |
| CANADIAN ADMIRAL CORP. LTD. | 3320 | major appliances | CAN | 5 | 100 |
| *CANADIAN WORSTED MFT. LTD. | 1820 | wool, yarn, cloth mills | CAN | 5 | 43 |
| *CLINGFIT INTERNATIONAL LTD. | 2441 | women's clothing | CAN | 5 | 112 |
| CO-OPERATIVE HEALTH SERVICES | 7210 | insurance | CAN | 5 | 85 |
| DIRECT LUMBER COMP. LTD. | 6260 | wholesaler of lumber | CAN | 5 | 98 |
| *ELECTRIC T-SHIRT COMP | 2499 | clothing | CAN | 5 | 175 |
| HARBOURFRONT CORP. | 5270 | warehouse, storage | CAN | 6 | 57 |
| *M. STONE CLOTHING LTD. | 2431 | men's clothing | CAN | 5 | 100 |
| PHILLIPS-PARKWAY CORP. | 3730 | plastics, synthetic resins | CAN | 5 | 20 |
| *PHOENIX PAPER PRODUCTS LTD. | 2860 | commercial printing | CAN | 5 | 54 |
| *REID DOMINION PACKAGING LTD. | 2740 | paper products nes | CAN | 4 | 61 |
| *SCHICK MFG | 3060 | razor blades | USA | 1 | 190 |
| *SOMERVILLE BELKIN IND. LTD. | 3250 | motor vehicle parts | CAN | 1 | 51 |
| *SUPERB SPORTS WEAR LTD. | 2431 | men's clothing | CAN | 5 | 170 |
| *SUSAN SHOE LTD. | 1740 | shoes | CAN | 1 | 105 |
| TRW CANADA LTD. | 3250 | motor vehicle parts | USA | 1 | 22 |
| *UNION CARBIDE CANADA LTD. | 3391 | electrical products nec. | USA | 9 | 80 |
| WESTMINSTER HOTEL LTD. | 8860 | hotel | CAN | 4 | 130 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC - PRODUCT | | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| 1982 | | | | | |
| REDUCED OPERATIONS: | | | | | |
| A.G. SIMPSON LTD. | 3250 | motor vehicle parts | CAN | 1 | 80 |
| A.P. PARTS OF CANADA LTD. | 3250 | motor vehicle parts | USA | 1 | 67 |
| ASSOCIATED KELLOG LTD. | 8640 | engineering services | USA | 1 | 59 |
| *BABCOCK-ALLATT LTD. | 3150 | construction equipment | BRITISH | 1 | 95 |
| *CAMCO INC. | 3320 | major appliances | USA | 1 | 79 |
| DEHAVILLAND OF CANADA LTD. | 3210 | aircraft and parts | CAN | 1 | 1,365 |
| FALCONBRIDGE LTD. | 0592 | mining (office) | CAN | 1 | 93 |
| *FERRANTI-PACKARD TRANSFORMERS | 3360 | industrial electrical equip. | BRITISH | 1 | 42 |
| *GENERAL INSTRUMENTS OF CAN. | 3310 | small electrical appliances | USA | 1 | 49 |
| GLOBE AND MAIL | 2890 | printing | CAN | 1 | 51 |
| *GOLDCREST FURNITURE LTD. | 2619 | household furniture | CAN | 1 | 58 |
| GREENSHIELDS IND. | 7070 | investment, holding comp. | CAN | 13 | 142 |
| GTE SYLVANIA LTD. | 3399 | electrical products nec. | USA | 1 | 275 |
| GULF PRODUCTS LTD. | 3650 | petroleum refineries | USA | 4 | 226 |
| *HAMILTON GEAR COMP. | 3080 | gears | CAN | 1 | 83 |
| HONEYWELL | 3399 | electrical products nec. | USA | 1 | 104 |
| *HOUSE OF BRAEMORE | 2610 | household furniture | CAN | 1 | 106 |
| IIL LTD. | 2640 | office furniture | CAN | 1 | 67 |
| JACUZZI LTD. | 3931 | sporting goods | USA | 1 | 87 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC - PRODUCT | | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| COMPLETE CLOSURES - 1982 | | | | | |
| *AMERICAN BILRITE LTD. | 3250 | motor vehicle parts | USA | 1 | 82 |
| BIRCHDALE MERCURY | 6560 | motor vehicle dealer | CAN | 4 | 50 |
| *CAMCO INC. | 3320 | major appliances | CAN | 9 | 33 |
| *CCM LTD. | 3931 | sporting goods | CAN | 1 | 473 |
| CAREER PATH PERSONNEL | 8510 | personnel suppliers | CAN | 5 | 200 |
| *CRUSH CANADA LTD. | 1091 | soft drinks | CAN | sale | 154 |
| DOMINION LUGGAGE LTD. | 1799 | leather, luggage | CAN | 5 | 55 |
| *DOMTAR PACKAGING | 2732 | paper box | CAN | 1 | 130 |
| *DYLEX LTD. | 2431 | men's clothing | CAN | 9 | 143 |
| *GENDRON INDUSTRIES INC. | 3999 | | CAN | 5 | 160 |
| *G & G PACKAGING LTD. | 3770 | toilet preparations | CAN | 5 | 105 |
| GULF MINERALS LTD. | 0570 | uranium mines | USA | 1 | 69 |
| *HARDMAN IND. LTD. | 1650 | plastics fabricating | CAN | 5 | 60 |
| *PHOENIX PAPER PRODUCTS | 2860 | commercial printing | CAN | 5 | 73 |
| *PLASTIPRINT LTD. | 2860 | commercial printing | CAN | 5 | 120 |
| *S.C.M. LTD. | 3180 | office, store machinery | USA | 1 | 140 |
| *SEIBERLING CANADA LTD. | 3250 | motor vehicle parts | USA | 1 | 177 |
| *SHIFFER-HILLMAN COM. LTD. | 2431 | men's clothing | CAN | 5 | 125 |
| SHOP-RITE CATALOGUE STORES | 6420 | stores | CAN | 4 | 60 |
| *SOMERVILLE BELKIN IND. LTD. | 2731 | paper box, bag | CAN | 9 | 69 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC | PRODUCT | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| *KIMBERLY-CLARK LTD. | 2740 | paper products | USA | 1 | 121 |
| LBI IMAGES INC. | 6990 | retail stores | CAN | 4 | 439 |
| LEISURE WORLD NURSING HOME | 8220 | health care | CAN | 13 | 70 |
| MOTOROLA LTD. | 3250 | motor vehicle parts | CAN | 1 | 51 |
| *NATIONAL DRAPERY LTD. | 3999 | | CAN | 5 | 81 |
| ROYAL INSURANCE CANADA | 7210 | insurance | CAN | 2 | 16 |
| SIMPSONS LTD. | 6420 | general merchandise store | CAN | 1 | 65 |
| *STANDARD-MODERN-TECHNOLOGIES | 3150 | nuclear reactor components | CAN | 1 | 69 |
| SUTTON PLACE HOTEL | 8810 | hotel | CAN | 6 | 78 |
| *TRENCH ELECTRIC LTD. | 3360 | industrial electric products | CAN | 1 | 55 |
| *WESTEEL-ROSCO LTD. | 3090 | steel products, grain bins | CAN | 1 | 163 |
| WOOD GUNDY LTD. | 7070 | investment comp. | CAN | 4 | 67 |
| PARTIAL CLOSURE - 1982 | | | | | |
| AMERICAN AIRLINES | 5010 | air transport | USA | 4 | 45 |
| COOPERATORS | 8690 | services to management | CAN | 4 | 72 |
| *FMC LTD. | 3150 | conveyors for mines | USA | 1 | 112 |
| *HARLEQUIN ENTERPRISES LTD. | 2880 | publishing | CAN | 1 | 60 |
| *SKF | 2980 | bearings | other | 1 | 34 |
| *YORK-RUSSEL | 3020 | structural steel | CAN | 9 | 112 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC - PRODUCT | | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| COMPLETE CLOSURES - 1982 Contd. | | | | | |
| *SUSAN SHOE INDUSTRIES LTD. | 1740 | shoes | CAN | 1 | 38 |
| TODAY MAGAZINE INC. | 2890 | publishing | CAN | 1 | 75 |
| *TORONTO COPPERSMITHING LTD. | 3150 | pressure vessels | CAN | 4 | 80 |
| REDUCED OPERATIONS - 1983 | | | | | |
| *ALLEN TANK LTD. | 3010 | pressure vessels, tanks | CAN | 1 | 57 |
| BORG-WARNER LTD. | 3360 | industrial electrical equip. | USA | 1 | 40 |
| *CERTIFIED BRAKES COMP. | 3250 | motor vehicles parts | USA | 1 | 84 |
| COOPER CANADA LTD. | 1799 | leather, handbags, luggage | CAN | 1 | 65 |
| *FERRANTI-PACKARD TRANSFORMERS | 3360 | industrial electrical equip. | BRITISH | 1 | 58 |
| *GABRIEL OF CANADA LTD. | 3250 | motor vehicle parts | CAN | 8 | 233 |
| *GOLDCREST FURNITURE LTD. | 2619 | household furniture | CAN | 1 | 47 |
| *KIMBERLY-CLARK OF CAN.LTD | 2740 | paper products nec. | USA | 1 | 20 |
| *KONAR CORP. | 3350 | communication equip. | CAN | 4 | 70 |
| *STANDARD-MODERN TECHNOLOGIES | 3150 | nuclear reactor components | CAN | 1 | 58 |
| *TRENCH ELECTRIC LTD. | 3360 | industrial electrical equip. | CAN | 1 | 53 |
| *WESTEEL-ROSCO LTD. | 3090 | steel fabrication, grain bins | CAN | 1 | 92 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC | PRODUCT | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| PARTIAL CLOSURES - 1983 | | | | | |
| *CANADA PACKERS INC. | 1011 | meat products | CAN | 4 | 217 |
| COMPLETE CLOSURES - 1983 | | | | | |
| ACRE, DAVEY, MCKEE LTD. | 8640 | engineering | CAN | 1 | 81 |
| *CAMCO INC. | 3320 | small electrical appliances | CAN | 9 | 387 |
| *CGE LTD. | 6210 | wholesale of electrical equip. | USA | sale | 136 |
| *CGE LTD. | 3360 | major appliances | USA | 1 | 188 |
| *CCM LTD. | 3931 | sporting goods | CAN | 1 | 22 |
| FERRCO ENGINEERING LTD. | 8640 | engineering | CAN | 4 | 83 |
| *GENERAL INSTRUMENTS OF CAN | 3350 | communications equip. | USA | 1 | 153 |
| *HOMEWARE INDUSTRIES LTD. | 3310 | small electrical appliances | CAN | 4 | 71 |
| *HUNTER ROSE COMP. LTD. | 2890 | publishing | CAN | 4 | 89 |
| *JOHN A HUSTON COMP. LTD. | 3799 | chemical nec. | CAN | sale | 97 |
| RELIANCE INSURANCE COMP. | 7210 | insurance | USA | 9 | 56 |
| *RUSCO CANADA INC. | 3031 | metal windows, doors | USA | 4 | 53 |
| *SILVERWOODS DAIRY | 1040 | dairy products | CAN | 4 | 74 |
| SIMON-CARVES CANADA LTD. | 8640 | engineering | BRITISH | 1 | 55 |
| *WABCO-STANDARD | 3042 | bathtubs | USA | 9 | 56 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

| COMPANY NAME | SIC | PRODUCT | OWNERSHIP | REASON | TOTAL AFFECTED EMPLOYEES |
|---|---|---|---|---|---|
| REDUCED OPERATIONS - 1984 | | | | | |
| BORG WARNER | 3360 | industrial electrical equip. | USA | 1 | 10 |
| *CGE LTD. | 3360 | industrial electrical equio. | USA | 2 | 35 |
| *CANRON INC. | 3020 | fabricated structural metal | CAN | 1 | 22 |
| McGRAW EDISON LTD. | 3360 | industrial eletrical | USA | 1 | 26 |
| *REGAL TOYS 1982 LTD. | 3932 | toys | CAN | 1 | 22 |
| PARTIAL CLOSURES - 1984 | | | | | |
| *CANADA PACKERS INC. | 1011 | meat products | CAN | 4 | 585 |
| COMPLETE CLOSURES - 1984 | | | | | |
| *ALLEN TANK LTD. | 3010 | tanks | CAN | 1 | 10 |
| *CGE | 3360 | industrial electrical equip | USA | 1 | 156 |
| CARA OPERATIONS | 8860 | restaurants | USA | 13 | 317 |
| *UPPER CANADA MFG. LTD. | 3080 | machine shop | USA | 1 | 57 |
| *CASA-NOVA FASHIONS LTD. | 1799 | leather, handbag, luggage | CAN | 1 | 140 |
| *PURETEX CANADA LTD. | 2390 | knitting mills | CAN | 5 | 240 |

Table 2

PERMANENT AND INDEFINITE LAYOFFS INVOLVING 50 OR MORE EMPLOYEES
IN METRO TORONTO BETWEEN JANUARY 1, 1981 AND MARCH 31, 1984 AS REPORTED BY THE MINISTRY OF LABOUR

REASONS FOR REDUCTION IN OPERATION

KEY:

1. Sales decline/high inventory
2. Technical change
3. Seasonal industry
4. Financial
5. Bankruptcy/receivership
5. Maintenance/changeover
7. Sale
8. Strike
9. Relocation within Ontario
10. Relocation within Canada
11. Relocation to USA
12. Relocation outside Canada/USA
13. Other

## 1. THE FOOD AND BEVERAGES INDUSTRIES

The food and beverages industries are one of the largest single industries in the Toronto area. Most of the activity in these industries however is concentrated in the core area of Metropolitan Toronto in the City of Toronto. In 1980 the food and beverages industries accounted for 12.8 per cent of total employment in Metropolitan Toronto. Between 1975 and 1983 these industries remained stable in employment terms on a CMA basis. However, the period 1981 - 1983 showed a loss of 2,200 jobs precisely the amount by which employment grew in the sector over the period 1975 - 1980.

Food and beverage industries are largely regional industries in that they generally produce with local raw materials for local markets. Several factors have been contributing to the decline of these industries over the last several years. The first set of factors are related to the performance of the overall economy. High rates of unemployment and declines in real aggregate income levels restrict the growth of consumer expenditure and as a consequence restrict the growth of these industries. As a Metro Toronto study points out, prospects for the growth of these industries is limited as long as the Ontario economy continues to experience poor economic performance and low aggregate income growth.[1]

The second set of factors are related to the changing structure of demand for food and beverage products. For example, the consumption of meat products on a per capita basis has declined markedly as the concern for the health effects of animal fat consumption has affected consumer's food purchases. A similar concern has shifted consumer preference from canned and processed produce to fresh produce.

There have been two important consequences of these social and economic factors affecting the product markets for these industries. The first is that there has been a build up of productive capacity to the extent that over-capacity now characterizes many segments of the food

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1. Robert Gardiner, Municipality of Metropolitan Toronto, Industrial Development in Metropolitan Toronto, June, 1983, p.31.

industry. Secondly, profit margins have declined since there is less profit on fresh food than there is on processed food. The establishment of marketing boards and the regulation of food input costs has added another element that has led to significant reorganization of the food industries. Most analysts believe only the large producer can survive in this environment because only the large producer can afford to diversify and seek out new markets. This has been the case in the food industry as there has been considerable rationalization and concentration over the past several years as the large companies buy out the smaller local producers.

Five cases of layoffs in the food and beverage industries show up on the Ministry of Labour printout for the period January 1981 - March 1984. These are by no means an exhaustive list since many other closures of small operations have occurred and layoffs of workers in plants that have reduced operations or rationalized production have not shown up in the Ministry file because the size of these terminations have been so small that they have not required prior notification. This is especially true in the bakeries industries which, by our record of employment in the CMA, have declined dramatically in both periods 1975 - 1981 and 1981 - 1983.

Canada Packers

Perhaps the largest and best known closure in the food industry was the shutdown of the Canada Packers hog and beef slaughtering operations in the west end of the City of Toronto at the end of 1983 and the beginning of 1984. Nine hundred and fifty employees lost their jobs as a result of this shutdown. Canada Packers is a major employer in Toronto; it employed 2,727 people in several of its plants in west Toronto alone before this closure.

At the industry wide level there is no doubt that the closure of the slaughtering operation was a response to the overall trends in the food industry that we have described above. On a company level CP had for some time been engaged in a company wide rationalization program to increase

productivity. This involved closing plants and departments that could not maintain the productivity standards set out for them. The rationalization program included the installation of better production systems and improved facilities, new management, new management systems, and work place reorganization.

The most recent and better known strategy of the meat packing industry in Canada is to substantially lower labour costs. While this strategy of rationalization, cost cutting, and plant closure is intended to improve the profitability of Canada Pakcers it should be said that CP remains a strong operation with profits of between $20 million and $30 million on sales of $3 billion for the past several years. Nor does investment seem a problem. The corporation has spent $245 million on new capital investment for modernization and expansion over the past five years.

It is possible, even within this process of substantial reorganization, that the closure of the slaughtering operations in west Toronto need not have happened. In fact Canada Packers did consider modernization of the plant or the construction of an entirely new plant at the same location. The status of the stockyard area was the subject of political concern. The local MPP, for example, campaigned on the commitment to remove the yards from the area because they were considered to be obnoxious. Due to uncertainty at the provincial government level, the company was left not knowing the future of the provincially owned and operated stockyards, something that was essential to the continued operation not only of Canada Packers, but a number of other meat packers located in the vicinity as well. A study by consultants for the Province of Ontario ultimately found that the cost of moving the stockyards was too great for the benefits that might be derived for such a move, and a study for the City of Toronto found that the opposition to the location of the stockyards was not as great as was assumed since many of the local residents benefitted by the employment in the neighbouring industries.[2] Meanwhile

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2. City of Toronto, Report on the Stockyards, Meat Packing and Related Industries in the Stockyards Industrial District, Planning and Development Department, August 1983.

changes in the meatpacking industry were occurring rapidly, and Canada Packers developed alternate priorities and alternate strategies which involved reestablishing production in other plants that had been purchased or built elsewhere. Almost a thousand workers have been left without work and an important industrial area in the City of Toronto is in jeopardy because of the loss of this major employer.

Swift Canadian Ltd.

A layoff of 70 employees at Swift Canadian Ltd. is recorded in early 1981, the product of a partial closure. This layoff left many older workers who had been with the company for more than 20 years without work. The closure took place soon after the purchase of Swift by the Pocklington Financial Corporation in late 1980 from its previous U.S. owners. Pocklington had purchased six other operations in the meat industry including Hoffman Meat in Kitchener, Ontario. Swifts slaughtering operations were closed and moved to the Kitchener plant which was non-unionized and had a lower wage rate.

Silverwood Diaries

The recorded layoff at Silverwoods Diaries is actually two events. The first was in mid 1983 after Silverwood was purchased by the Ault Foods Division of John Labatt Ltd. Seventy-four office employees were terminated after Silverwoods was merged with Ault Foods. The sale came after several years of poor profit performance by Silverwood and an unsuccessful expansion and diversification into the United States. The second was in mid-1984 and involved the closure of the old Silverwoods Dairy plant on Dupont Street in downtown Toronto and the loss of jobs for 100 production workers. The closure came after the company lost a large share of the market to new competition, especially supermarkets that are increasingly involved in food processing themselves. However, other factors also contributed to the decision to close the Dupont Street plant. Certainly the antiquated nature of the facilities, especially the problems with truck access, influenced the decision to close the plant. It also appears that trends in the overall

industry,such as increasing vertical integration at the retail level and increased concentration among producers,had an impact on the decision to close.

Laura Secord/Ault Foods

During the 1970's Laura Secord, a quality confectionary manufacturer, had to continually struggle with uncertain markets and rising costs. The result was a decade of poor financial performance. In the late 1970's it diversified into a number of other product lines including hand crafted baked goods. Most of the new product line did well, but faced with stiff competition from the larger industrialized bakeries, the Laura Secord Bakeries division did poorly from the start. The decision to close the bakeries division in early 1982 was the result of efforts to improve the overall economic performance of the division. Sixty people lost their jobs as a result of the closure.

Crush Canada Ltd.

The Orange Crush soft drink label had existed in Canada for more than half a century. For most of that time it was produced by a small and prosperous enterprise. The fortunes of Crush were to change in a dramatic way after Vancouver businessman, Jim Pattison, started to purchase shares of the corporation in 1976 under the name of Great Pacific Industries Ltd. By 1980 he had managed to achieve 70 per cent ownership and became company president and chairman of the board. Soon after, the decision was made to sell off the entire U.S. and international operations of Crush to a U.S. buyer, Proctor and Gamble Ltd. It is difficult to interpret the events that surrounded the closure of the Toronto bottling plant in 1982. The sale of the foreign operations was only one of several events that significantly altered the operations of the soft drink bottler under Pattison's stewardship.

Pattison is involved in numberous businesses including small airlines, car dealerships, food stores, real estate, recreational vehicle

manufacturing, a radio station, billboard advertising, and computer servicing. He also established a finance company in Switzerland in 1982 and an arbitrage operation in the Cayman Islands. As a matter of policy, Pattison usually owns 100 per cent of the operations he is involved with. In the case of Crush, he made an unsuccessful effort to make the company private after running afoul of minority shareholders who found his offer unsatisfactory. The sale of the foreign operations of Crush were used to offset several losses in some of Pattison's private companies while most of the proceeds were deposited in short-term, high yield investment instruments. In this flurry of activity the head office of Crush was moved to Vancouver in 1982, several plants in Canada were sold to 7 UP and the Scarborough bottling plant was closed putting 154 workers out of their jobs. These were the final steps in the liquidation of Crush Canada Ltd. by 1984.

## 2. RUBBER AND PLASTICS INDUSTRIES

The rubber and plastics industries had 4.6 per cent of all manufacturing employees in 1980. They were moderately strong growth industries adding 2,174 jobs in the five year period 1975 - 1980, a 15.6 per cent growth rate. However, sub sector analysis does show that rubber products actually declined in the period by 16.7 per cent for a loss of 759 jobs. Rubber products constituted slightly less than one-third of all employment in the rubber and plastic industries. Thus plastics grew at a very fast pace during the same period. At the large firm level rubber products continued to decline after 1980. In the 1981 - 1982 period they lost 700 jobs or 14.9 per cent of large firm rubber industry employment. Only one case of a layoff showed up on the Ministry of Labour file within the major industrial group of rubber and plastics. Obviously, many small closures and layoffs in this sector have not been picked up by the Ministry of Labour.

### Hardman Industries

Hardman Industries manufactured injection moulding for audio and plumbing components, cassettes and 8 track tape decks. This privately owned company expanded rapidly in the late 1970's, yet profit levels were low. Expensive new moulding machines were purchased in an effort to improve the quantity and quality of the output and to reduce labour costs. In fact the new machinery did not boost productivity significantly and the company slid into a heavy loss situation saddled with a large debt. The bank appointed receivers to sell the assets on March 28, 1982 and the more than 60 non-unionized employees were terminated the same day.

## 3. THE TEXTILE AND CLOTHING INDUSTRIES

There have been at least 12 closures of plants with 50 or more employees in the clothing and textile industries between January 1981 and March 1984. The Ministry of Labour list shows that 1,453 workers were permanently laid off because of the closures listed in their file. This is probably a low estimate of the number of employees affected by layoffs in the sector because many of the closures affected small operations with less than 50 employees which were not required to report. In our analysis of large firm data alone (20 or more employees), textiles lost 400 jobs and clothing lost 1,600 jobs for a decline of 4.8 per cent and 11.9 per cent respectively for the period February 1981 to March 1983.

Although the clothing and textile industries are frequently considered to be one homogeneous industry, in fact they are quite separate with very different structures and modes of operation. The textile industry produces fabrics which are in turn used in the clothing and other industries as raw materials. It is more concentrated than the clothing industry and more capital intensive. For example, in 1981 the largest 17 per cent of establishments (with more than 100 employees), employed 77 per cent of the workers and produced 82 per cent of the value in the industry.[3]

The clothing industry makes apparel. Production is labour intensive. In 1981, 12 per cent of all the establishments employed 100 or more employees accounting for 54 per cent of all employment and 51 per cent of output. Small size however is far from being a disadvantage. The clothing industry is above all a fashion industry and flexibility is a prerequisite. Small units tend to be more flexible than larger ones.

The clothing and textile industries are important in Canada and even more important to certain regions in Ontario and Quebec. Much of

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3. Industry Trade and Commerce Canada, The Canadian Primary Textile Industries, Ottawa, p.3.

Ontario's share of the industry is located in downtown Toronto. In the clothing industry 75 per cent of the workers are women, while in the textile industry women make up only 35 per cent of the work force. There is a very high concentration of immigrants especially in the clothing sector and wages in both sectors are low. Nationally there are 164,000 people employed in the clothing and textile industries. Together they constitute the second largest manufacturing employer and the largest employer of women among manufacturers in the country. However, employment levels have been declining rapidly over the past ten years. Between 1974 and 1982 the textile industry in Canada lost 27 per cent of its employment and the clothing sector lost 30 per cent. The recession in 1981 - 82 was particularly bad for them. In 1983 the situation improved nationally but this recovery was not sufficient to restore even half the jobs that had been lost since 1975.

The status of these industries in Canada is in some controversy. Both management and unions attribute the problems of the textile and clothing industries to a lax federal effort to protect them from import penetration. But as early as 1970 the federal government had adopted a policy of "protection for adjustment" which included import quotas, tariffs, financial support for restructuring, assistance to displaced workers, and technical and promotional support. By the late 1970's it was generally conceded that the policy had been unsuccessful in helping small firms and workers in the industries in general. Most of the benefits have accrued to the larger manufacturers such as Dominion Textile, Wabaso, and Celanese who have managed to secure federal grants to adopt new technology and rationalize their operations. A revised policy under the auspices of the new Canadian Industrial Renewal Board attempts to address this problem. Although it may be too soon to evaluate its impact, there is evidence that the new policy may be continuing to support larger industries at the expense of smaller operators and labour. Moreover, the rationalization process which is supported by the C.I.R.B. may also be tacitly funding strategies which include the expansion of piece work and the speed up of production lines.

It appears that in practice, even if trade barriers are maintained, the restructuring of the clothing and textile industries will be far from easy. Strong companies will become stronger with help from government and small companies, often the weakest ones, will receive few resources to adapt to the new circumstances of the eighties. Indeed many of the closures that we examined in these sectors were the result of business failure and bankruptcy on the part of smaller operators. The pattern seems consistent; the company which is most often a family firm expands too quickly or makes a number of bad decisions. As a result, a previously profitable company experiences difficulties, for example they are unable to pay their interest on a bank loan. The bank and the company, not surprisingly, are in a strained relationship and after an inability to resolve the conflict the bank steps in and puts the company in receivership, the assets are sold and the plant is closed. Only in a very few cases is the business purchased, but even in these cases the workers do not seem to benefit by being able to keep their jobs.

Shiffer-Hillman

For fifty years the Shiffer-Hillman company had been one of Canada's finest manufacturers of top of the line men's suits and overcoats. Sales were made through high class haberdashers and men's shops throughout Canada. Sales to department stores were not permitted in order to maintain a high quality image. From after the First World War to the late 1970s the company prospered. During 1980 and 1981 costs rose as did accounts receivable. The company found itself over extended and unable to finance its large and expensive inventory of cloth requirements. In April 1981 Shiffer-Hillman's bank appointed receivers to take over the running of the company.

Under the terms of the receivership a team was established, who in cooperation with the company's management would first attempt to sell the company as a viable entity and, failing that, to dispose of its assets. On May 13, 1981, a formal Manpower Adjustment Committee of former employees was established to examine

various alternatives and, if possible, to assure the continuation of their jobs.

One option that was seriously considered from the outset was for key management employees to form a consortium to take over the business when offered for sale. However, the precise value of the business was unknown. A business consultant was retained to prepare a comprehensive business plan for the company and to prepare data on management, labour, marketing, costing, and cash flow requirements for the continued operation of Shiffer-Hillman. The consultant's report indicated that continued operation was indeed possible and the Committee attempted to find prospective investors to participate with key employees in the establishment of a new company.

On June 5, 1981, the receivers decided to put the company's assets up for tender. Not being able to sell the assets the receiver, along with the Committee, developed a plan to continue operation for several months. By the end of the year it appeared that the company was performing well and that it would not be long before it could be turned back to its previous owners. Shortly afterwards it was purchased by its former vice president and general manager. All 125 workers were laid off and the company was restructured with the name Shiffer-Hillman being used for a factory outlet selling directly to the public. Manufacturing and sales to retailers, however, were established under different labels and much of the work is contracted out to people in their own homes.

This case demonstrates that frequently firms that are put into receivership remain viable. Municipal government could play a role in assuring their continued operation with assistance or under different ownership.

Clingfit

This women's sportswear manufacturer moved to East York in 1980

from King Street in the City of Toronto where they had been located for the previous seven years. A loss of $350,000 was attributed to the dishonesty of an associate of the owners who was responsible for administration. This large loss made the bank uneasy and it called its loan. The company was put in receivership and was eventually bought by another owner. However, all 112 former employees were laid off and the new owner produces the purchased line in a previously existing operation in North York.

Electric T-Shirt

Electric T-Shirt, a knitting mill where dyeing, cutting and the assembly of components into T-shirts, was located on King Street not far from Clingfit. The company was started in 1977, grew very quickly and closed abruptly in 1981 after its bank called its loan and put it into receivership. All 175 jobs were lost.

Canadian Worsted

Canadian worsted, founded in 1966, manufactured and sold spun yarn. Apparently the company invested heavily in new machinery against a declining market. The bank called the loan in December 1980 and the plant was closed in January 1981 putting 165 workers out of their jobs.

Purtex

Purtex was a forty year old knitting mill that, for most of that period, had been located in downtown Toronto. It had recently moved to Tycos Drive in North York. Profit margins were low but this was not unusual for the textile industry. In the early 1980s the owner, seeking to improve profits, decided to change the product line from sweaters and woollen underwear to "actionwear". New management was hired along with new designers and new knitting machines were purchased. The union, the Canadian Chemical and Textile Union, opposed this change arguing that it did not make sense to venture into this new line in a time of economic

recession. The owner came to the same conclusion just one year later but it was too late. On November 8, 1983 the first eight people were let go. A week later the bank put the company into receivership and production workers began to be laid off in stages. The union believed that it might still look forward to a purchaser for the plant or for some other method of saving their jobs. By the end of December all workers were laid off and a subsequent one day occupation of the factory by the workers did nothing to alter the final decision of the bank in March of 1984 to allow the 240 jobs to disappear.

M. Stone Clothing Company

M. Stone Clothing Company, established more than 50 years ago, was located in downtown Toronto. It produced uniforms. The company was bought by a group of investors. Contracts were lost and financial troubles ensued due to poor cost control. The bank put the company into receivership and 100 people lost their jobs.

Superb Sportswear

This manufacturer of men's clothing was by all accounts a profitable operation up till its closure by its bank. Apparently the Bank of Montreal decided to liquidate Superb in order to repay itself for the $5 million shortfall owed to it by a subsidiary company which operated five plants in Quebec. The company had overextended itself by purchasing Style Guild and gave a cross guarantee of financial obligations. In addition to the 600 employees in Quebec, 80 sales people and 175 production workers in Toronto lost their jobs.

Cosa Nova

Cosa Nova, a private company, was located in downtown Toronto and manufactured low priced women's leather goods. At its peak it would employ up to 350 people at its two story antiquated building on Wellington Street.

In 1981 Cosa Nova applied for a grant of $318,750 from a newly formed C.I.R.B. to purchase a plant in Winnipeg that had gone bankrupt. The C.I.R.B. evaluated the company and concluded that it was sound and capable of expansion. Soon after it received the grant it announced that it would close its operation in Toronto. The Ministry of Labour records show that 140 people employed at the time were laid off permanently. The final closure came in April 1984.

Cosa Nova had been subject to numerous drives to unionize over the several years previous to the closing. After efforts by several different unions, the Teamsters were finally successful in organizing and getting recognition as a bargaining unit in 1983. Negotiations over working conditions had just begun and wage issues were to follow. Union representatives interpret this closure as an effort to escape the union that had been formed at the Cosa Nova plant. Apparently the C.I.R.B. knew nothing of the closure plans of Cosa Nova before it gave them the grant to "expand". This points to a weakness in the federal strategy of support of the textile and clothing industries. The lack of controls and guarantees can be used against the workers in these industries by encouraging capital mobility and anti-union practices.

Dylex Ltd.

Dylex Ltd. is one of the most successful retail and manufacturing companies in the clothing industry. The success of Dylex can be attributed to its retailing strategy. It owns a variety of retail outlets that cover a large market area and segment of the population. These include: By-Way, Susie Shier, Tip Top, and Harry Rosen. Recently Dylex acquired 30 per cent of Brooks Fashion Stores of New York. Canadian Clothiers, a division of Dylex that produced men's suits, occupied the fifth floor of the Tip Top building on Lakeshore Blvd. in Toronto. The building also housed the headquarters of Dylex and a women's clothing division, Irving Posluns Sportswear. Both divisions were under the same management but the workers were represented by different unions. Canadian Clothiers was represented by Amalgamated Clothing and Textile Workers (A.C.T.W.U.) while Posluns was

represented by the International Ladies Garment Workers Union (I.L.G.W.U.).

Until 1976 Posluns produced low quality women's jackets exclusively. In 1976 the management of Canadian Clothiers and Posluns approached A.C.T.W.U. to arrange for the contracting out of the production of men's jackets to Posluns. Since the existing work force at Canadian Clothiers was fully employed at the time, the union agreed that the work would be assigned to Posluns on a temporary contractual basis only. Dylex did not respect the agreement. Work increased dramatically at Posluns and it likewise declined at Canadian Clothiers. Half of the more than 600 workers at Canadian Clothiers were laid off by 1978 and by this time much of the production in Posluns had been shifted to outside contractors or to another plant on Weston Road. Grievances were issued against Dylex and the union won an arbitration ruling that Dylex had indeed violated the collective agreement with A.C.T.W.U. The company was directed to remove some of the production from the Weston plant and reinstate workers at Canadian Clothiers. Dylex appealed the decision and the union decided that since the company was likely to close the operation in the near term that it was best to abandon the union's rights as set out in the arbitration since the appeal was likely to take several years. A new contract with Dylex was sought and negotiated. Under the new arrangement, workers were to have their pay cut by 30 per cent and new working conditions were to be established which the union was prohibited from publicizing by a clause in the new contract.

In the spring of 1982 Dylex announced that Canadian Clothiers would be closed and the production would be shifted to the Weston plant. There were 143 workers left at Canadian Clothiers at the time of the closure, 100 of them were offered jobs at the Weston operation. The Weston operation was represented by the A.C.T.W.U., but the contract at this plant was even worse than the last one at Canadian Clothiers. No pension plan was provided, the work week was longer, there were fewer holidays and wages were lower.

## 4. THE FOOTWEAR INDUSTRIES

The footwear industries are similar in many ways to the clothing and textile industries. All have suffered from a global restructuring of the world economy over the past two decades. According to the Anti-Dumping Tribunal:

> "Beginning in the 1960s, capital employed in manufacturing moved from high-wage developed countries to low-wage less developed countries in order to develop export markets based on competitive advantage derived from lower labour costs ... During the 1970s, however, the advantage in footwear production and trade swung toward the producers in the newly industrializing countries which could effectively combine low-cost labour with advanced technology."

Canada, like other industrialized countries, was severely affected by import penetration from these newly industrialized countries. In the late 1950s Canadian producers satisfied 95 per cent of the domestic demand; by 1980 this had dropped to 46 per cent. Global import quotas were imposed in 1977 in Canada in order to assist the footwear industry to adjust to the increased competition. By 1981 these quotas had not resulted in a substantial restructuring of the Canadian footwear industry although they had helped contain the growth of footwear imports into Canada. Quotas were dropped in 1981 but were reestablished and extended by the federal government until March of 1985. Two cases in the footwear industries showed up on Ministry of Labour files.

### Susan Shoe Inc.

Susan Shoe was established in the 1970s and grew very quickly. During the period of the 1970s when the system of quotas on footwear applied three new plants were opened, two of which were in Metropolitan Toronto. The lifting of import quotas in November 1981 had a dramatic effect on orders. This decline in business, along with this new over capacity, led the company to decide to close down several of their plants in 1982. The two Toronto plants were chosen because they were farther

away from their head office and other factories which were located in Hamilton. All 143 workers at the two Toronto plants, members of the United Food and Commercial workers, lost their jobs.

Edna Shoe

Edna Shoe, one of the oldest footwear manufacturers in Toronto, closed in February of 1982. Several factors led to the final decision to close the plant. First, business has declined to a considerable extent over the previous decade because of import penetration. Employment had already been reduced by half of what it had been in previous decades. Second, the building in which the factory was located was old, and a move was deemed necessary if the company was to continue to operate. The owners were over seventy years old and felt that the move was not worth it for them. The final decision, however, was taken after import quotas were lifted in 1981 and orders declined sharply. Most of the workers who were left at the time of the closure were quite old themselves and had been with the company for many years. They qualified for federal Adjustment Assistance Benefits which allowed them to collect Unemployment Insurance until they turn 65 years old.

## 5. FURNITURE AND FIXTURES

The furniture and fixtures industries experienced strong growth in the late 1970s. Between 1975 and 1980 employment in the CMA increased in these industries by 18.5 per cent or by 2,447 jobs. Large firm data indicate that the drop in employment between 1981 and 1983 was 8.7 per cent of large firm employment or 1,900 jobs. These do not appear to be industries in decline, however, they have been affected dramatically by the recession of the eighties. The Ministry of Labour file of layoffs reveals three cases where operations were reduced and employees were let go.

### Goldcrest Furniture

Goldcrest is a major producer of low priced home furniture located on Caledonia Road. Although import penetration is a problem for much of the industry it is not so for the laminated products end of the industry in which Goldcrest operates. Wages are relatively unimportant compared to the productivity of the industry because the process is highly mechanized. Automation allows high wage labour to achieve good rates of labour productivity and this offsets any advantage another country might have with cheap labour. Employment at Goldcrest normally fluctuates on a seasonal basis but the past several years has seen a disruption of this pattern. In 1981 Goldcrest employed 475 people. The 1981 recession brought a decline in business and layoffs. By August 1982 there were 240 employees left. Several recalls and subsequent layoffs were experienced over the next several years but the level of employment at Goldcrest in 1984 was not expected to exceed 230. Production levels, however, have increased and management admits that Goldcrest can produce the same today with 210 workers as what it took 350 workers to produce in 1980 - 81.

Four things appear to have happened to reduce employment levels at Goldcrest: 1) The recession spurred the company to reorganize internal management systems and this resulted in changes in the organization of production. 2) Less profitable and more labour intensive lines were eliminated. 3) Production speed-ups have occurred through rationalization which reduced the need for tool changes. 4) New labour saving technology

was introduced. These changes combined seem to have reduced employment at Goldcrest by over 100 people without reducing levels of production.

House of Braemore

House of Braemore produces upholstered furniture for the Canadian market. The Dufferin Street plant is only one of several plants in the company which is owned by the Strathern House Group. Strathern is the largest manufacturer of household furniture in Canada. It is the Dylex of the furniture industry. This is perhaps not surprising since it is the same families that own both Dylex and Strathern. Strathern's company produces for the complete range of the furniture market through Kroelher, Braemore, Troister, and Standard Fill. The Braemore Dufferin Street plant in Toronto employed 150 people at its peak in 1980. Today there are about 25 workers. The Ministry of Labour reports a layoff of 106 people in 1982 and the layoffs appear to be permanent since more than half the factory space at the Dufferin plant has been converted into showroom space for Strathern. The layoffs at Braemore are incorrectly reported as reduced operations since they in fact reflect a partial closure.

There is something vaguely unsettling about management's claim that the layoff represented a response to the recession alone. The decision to convert the factory space to showroom space indicates a belief that the company believed the long term prospects for the company to be dim. Our research sugeests that two other issues may have also had a bearing on the Braemore decision to convert: 1) There was a two month strike at the Braemore plant immediately before the layoff. 2) Braemore's production had, in the past, been shifted to the Kroelher plant in Stratford when the Braemore facility was overcrowded.

## 6. PAPER AND ALLIED INDUSTRIES

The paper and allied industries show losses in employment over the period 1975 to 1980. During this period there was a net loss of jobs in the sector of 291 or 1.7 per cent. Especially large declines (1,128 jobs) were registered in the paper and plastic bag manufacturing sector (SIC 2733) at the CMA level. Large firm data show a loss of 15.2 per cent for the period 1980 - 83 or 5,600 jobs. The Ministry of Labour files record four cases of layoffs in the Metropolitan Toronto area. Three of these were complete closures.

### Reid Dominion Packaging

In the fall of 1981 Reid Dominion Packing Ltd. of Hamilton closed its composite Can division on Islington Avenue in Metro Toronto. Sixty-one people lost their jobs as a result. Reid is a wholly owned subsidiary of the world wide giant Moore Corp. of Toronto. Reid accounted for less than 2.5 per cent of Moore's sales worldwide. In Canada Reid is important to Moore; it accounts for 80 per cent of its Canadian sales.

Reid is in the packaging business. In its two plants, one in Hamilton and one in Brantford, it produces folding boxes, laminated foils, and various kinds of wrapping, etc. Prior to 1981 it had only the Hamilton plant and a plant in Toronto that produced composite cans (fibre containers with metal ends like orange juice containers). It was a small part of Reid's business, the result of a consolidation of two purchased companies by the parent Moore in the 1970s. In fact the composite can part of the company was only a small element of the production of a much larger operation which was moved to Hamilton after the consolidation occurred. The company didn't know what to do with the small composite division so left it to operate separately in Toronto.

Reid maintains that the composite division performed poorly on its own throughout the 1970s and that a closure was inevitable. Market studies in the early 1970s predicted a strong market for composite cans in the 70s and 80s. However, Reid maintains that these projections were optimistic

and not realized. The union that represented the workers employed at the Toronto Reid plant maintained that the closure had more to do with poor management of the operation. Domtar was Reid's largest competitor in this and other markets. Domtar is also the largest producer of composite cans, much larger than Reid ever was, and they have continued to perform well in the composite can market. Several factors may explain why Reid may not have performed as well as Domtar in this area: 1) The sheer size of Domtar compared to Reid was a real disadvantage to Reid because of the economies of scale. 2) Reid management was not as knowledgeable in the composite market as it was in other parts of the paper products market. 3) Reid's equipment was old and required a substantial infusion of new capital in order to improve efficiency. Reid's choice under these circumstances was to spend money on upgrading the plant or to close it. It chose to close it. But this decision was taken within the context of a whole series of other purchases and expansionary investments made by Reid around the same time. In effect, the decision to divest itself of the composite division was a decision to move out of a market area where it saw itself as weak into a market area where it saw itself as much stronger.

Kimberly Clark

Kimberly Clark Canada is a subsidiary of Kimberly Clark U.S.A., a large multi-national corporation with $3 billion sales worldwide. It is a vertically integrated company in that it is involved in everything from the felling of trees to their conversion into pulp and ultimately into finished paper products. The corporation has several pulp mills and sawmills across Canada. Prior to 1982 the company had numerous converting plants across Canada as well including: Winnipeg, Rexdale, St. Catherines, Huntsville, Ontario, St. Hyacinthe, Quebec, and St. John, New Brunswick. Most of these plants produced a full range of products for regional markets. Since 1982 there has been significant corporate reorganization which has resulted in the consolidation of production in a few key locations. These will now serve national markets in certain product lines. The reorganization has involved the deployment of new technology in these

key producing plants. There is no intention to reduce production under reorganization. Indeed in the end, the company will be able to produce considerably more than it could just a few years ago.

Huntsville and St. Hyacinthe have been chosen as the focal points for the consolidation. St. Hyacinthe has become the exclusive Canadian producer of most of the company's feminine hygenic products. In 1982 the plant received an infusion of $14 million to modernize and expand its capacity in sanitary napkins by 100 per cent. It is also the sole producer of Huggies Disposable Diapers. Employment has expanded only marginally at St. Hyacinthe despite the expansion of production there. The Huntsville plant will become the major producer of certain sizes of tissue paper. Fourteen million dollars is to be spent in expanding the Huntsville plant by 1985. Roughly 20 - 30 jobs are expected to be added to the Huntsville operation as a result, a marginal increase over the 150 people now employed there. There is no union at the Huntsville operation while there are at most of the other Kimberly-Clark plants. This reorganization of production has resulted in the closure of the Winnipeg plant and will result in the closure of a facility in St. John, New Brunswick in 1985. It has also affected the level of employment at the Rexdale plant in Metro Toronto. Temporary layoffs were reported in the Ministry of Labour file for the Rexdale plant in 1982 and 1983. However, it is anticipated that when the Huntsville expansion is completed much of what is now produced in Rexdale will be moved north. It is expected that Rexdale will lose over 100 jobs in the process.

Domtar Packaging Group of Domtar Inc.

On September 1, 1982 the Domtar Packaging Group of Domtar Inc. closed its 388 Carlaw Avenue corrugated container plant in Toronto eliminating 126 jobs. The company contended that the plant was no longer economically sound. But the closure of the Carlaw plant was not an isolated event. It was part of a comprehensive restructuring of the entire corrugated industry in Eastern Canada. This industrywide reorganization has been marked by increased concentration, collaboration, and plant

closures as the major corporations in the corrugated industry worked toward an orderly elimination of excess capacity. Since 1980, 9 corrugated container plants have been closed in Ontario and Quebec.

The corrugated (cardboard) box indutry is highly vertically integrated. Much of the production of the final product is actually owned by large pulp and paper companies in order to provide a guaranteed market for their raw materials. This concentration occurred over many years in the post war era and was the subject of an inquiry by the Restrictive Trade Practices Commission in the 1960s. Today corrugated plants serving regional markets are located in most major cities in Canada because products are often tailored to the individual needs of local customers and transportation costs are a major factor in the price of the product. Concentration in the industry has increased recently as a result of the purchase by Domtar of Reid Paper's corrugated box plants and by MacMillan Bloedel's purchases of similar plants from Continental Can and form Abitibi. These moves have left the industry dominated by two giants: Domtar with 30 - 35 per cent of the market and MacMillan-Bathurst with an equal share. Between the two they have 22 corrugated plants.

The Carlaw operation in Toronto was an old plant with a number of problems in layout including the fact that it was a three story structure. It was purchased by Domtar from Reid Paper in 1979 as part of a package that included several plants in Ontario and Quebec. The Carlaw plant did not perform as well as other corrugated plants but this was partly because it was saddled with a number of lines for custom operations. These meant it had to have shorter runs and have a higher labour intensity. Both the management of Reid and Domtar saw the Carlaw plant as a burden to operate. Domtar's purchase of the Carlaw plant was required by Reid if Domtar was to acquire two other Toronto area plants it wanted to extend its market share. Although the Carlaw plant did apparently turn a profit in 1980 and 1981 it was not a very large profit and it was certainly not sufficient to meet the firm's objective of a minimum return on average assets of 26 per cent. The decision to close the Carlaw plant was certainly due in part to the difficulties with the plant. But Domtar also

believed that it did not have the marketing structure to deal with the product lines of Carlaw. The age of the plant certainly had it slated for closure eventually. But the fact remains that the plant was viable.

Several crucial variables actually precipitated the decision to close the plant: 1) The closure announcement came just before negotiations that resulted in a six month industrywide strike in 1982. One union interpretation of the decision to close is that it might have been a way of keeping production going through a strike since the workers at a plant about to close would not be willing to strike. 2) Perhaps a more important reason lies in the fact that Domtar's two other more modern plants in Toronto were working at less than full capacity so that although a closure would occur, output remained largely unaffected since the other plants could fill the gap. 3) A third factor is undoubtedly the fact that there have been significant changes in the technology of production in the industry. These changes would have remedied some of the problems of the Carlaw plant but Domtar selected the other plants, especially the Leaside operation, which is non-union, for new corrugator equipment.

Since the Carlaw closure was but one of 9 such closures in the industry it is important to understand the nature of the industrywide rationalization that was occurring. We have already suggested that the process is one where older, more obsolete plants, which technically speaking could continue to produce, are taken out of production. This trend has been intensified by the arrival of new technology which lessens the need for new production facilities. The industry had built up excess capacity which was now in the hands of only two major corporations. Under these circumstances it was difficult to raise prices. In order to turn the market to a seller's market from a buyer's market, plants would have to be closed. As a result the producers have been able to raise prices. On July 1, 1984 prices were increased by 9 per cent and it is the first time in a long while that the price has held.

Sommerville-Belkin Industries

The closure of Sommerville-Belkin's Cartwright Avenue folding carton plant in 1982 was the result of a complex set of factors that involved large corporate divestiture, corporate concentration, rationalization and technological change. It was closed soon after it was purchased from the Continental Packaging Group of the U.S.

Sommerville-Belkin is a diversified publically owned Canadian company. The firm produces lithographed boxes, beverage cartons, paper bags, and a range of other paper and plastic products. Production takes place in plants across Canada. It is a medium sized firm with $188.4 million in sales in 1983.

The boxboard and folding industry in Canada is a mature industry, generally it is felt that there is not much room for growth. As a highly competitive industry, price competion throughout the 60s and 70s was strong and profit margins moderate. As a result, the industry as a whole has been moving to concentrate, and large companies have been attempting to merge and consolidate in order to increase their market share and keep prices up. In the 1960s, there were as many as 100 manufacturers of boxes and cartons while today there remain approximately 50.

The closure of the Sommerville-Belkin plant story begins with its previous owner, the huge New York based conglomerate The Continental Group. Continental is the largest producer of packaging in the world. In 1981, it had 117 plants that spanned the globe and had sales of $5.8 billion.

In 1980 the Continental Group decided to get out of the paper products industries in Canada as well as its can manufacturing interests, both operated by Continental Can of Canada. They sold plants in Toronto, London, Guelph and Montreal as well as others across the country. The decision to sell these divisions in Canada was related to a dramatic shift in corporate priorities. The Continental Group decided that it would abandon its mature industry base and redirect its focus to energy related industries such as the Florida Gas Transmission Company and the Energy

Corporation. The sale of the Canadian plants was required to generate cash for this corporate realignment into the high growth, high profit energy sector.

In March of 1981 a deal was struck between the Continental Group and a major Canadian competitor, Sommerville-Belkin for the purchase of 5 paper container plants for $62 million. The plants represented the entire division in Canada and in 1980 had a combined profit and sales of $9 million and $75 million respectively. Two of these plants were in Toronto, one on Ray Avenue and the other on Commissioner Street.

Sommerville-Belkin already owned a folding carton plant on Cartwright Avenue and wanted to add the one on Commissioner. However, the sale of the Continental division was a package and both plants had to be accepted. Soon after Sommerville closed its Cartwright Avenue plant and shifted production to several other facilities.

The decision to close the Cartwright plant was somewhat ironic given the nature of the plant and the fact that Sommerville-Belkin didn't want the other Ray Street plant. The closed plant was modern and located on one floor, while the Ray Street plant was over 100 years old, was multi-storied and the upper floors could not support heavy machinery. On the other hand, the Cartwright plant was a leased facility while the Ray Avenue facility had been purchased. Also the Ray Avenue plant contained a large piece of machinery that creases, lighographs and folds boxes. Sommerville-Belkin decided it was an important piece of machinery and it was very difficult to move. The machinery at Cartwright was moved to other Sommerville plants in London, Newfoundland and elsewhere.

These appear to be the important precipitating factors underlying the decision to close the Cartwright plant. But the reasons run deeper than this. Perhaps a more important reason is the shift in corporate strategy taken by Sommerville-Belkin after the merger. This represented a further concentration of the industry. Previously, Sommerville operated on the bases of custom tailored production for clients' needs. After the

merger, the strategy focused more on high volume, low cost production based on automation. In part, this was influenced by the machinery acquired at the Ray Avenue plant. Since the merger, Sommerville has replaced obsolete machinery and upgraded low volume machinery to fit this new strategic orientation. As a result, the Ray Avenue plant is producing more now than it did in 1979 with 40 fewer employees.

Thus, the closure of the Cartwright plant reflects a realignment of corporate priorities and the drive to increase market share and profitability within the paper container industry. There is no indication that the Cartwright facility was not in itself viable. The 150 workers who lost their jobs with the closure of Cartwright were victims of larger corporate purposes. One hundred of those laid off would subsequently get jobs at the Ray Avenue plant, but they would lose their seniority and some pension benefits.

## 7. PRINTING AND PUBLISHING INDUSTRIES

Printing and publishing are key industries in Metro's manufacturing sector. They constitute 8.3 per cent of total manufacturing employment in Metropolitan Toronto. As industries that are geared to supply local markets, they have similarities to the clothing, textile, food and beverage industries. The printing and publishing industries grew in the late 1970s in the Toronto CMA by 14.3 per cent while large firm data indicate that they have declined by 3.7 per cent from 1981 to 1983.

### Phoenix Paper Products

Phoenix was a small independent producer of paper products such as school exercise books, duplicating paper, ruled pads and art paper. It employed 86 hourly and 50 salaried employees, largely Italian in origin. Established in 1954, the company relied on a low mark-up, high volume sales strategy to keep prices low and undercut competitors. It gained a large share of the Toronto market because its price was so low. As a result of the low markup, cash flow was always a problem at Phoenix and they had to borrow. With the onslaught of high interest rates in the early 80s Phoenix went bankrupt. Phoenix employees did not fare well in the ordeal. The receiver and trustee clearly acted in the interests of the large firms and banks which had forced the bankruptcy and not in the interests of the employees. Price Waterhouse refused to pay certain sums due to employees in the form of vacation pay, and the union was forced to bring the matter to the courts which delivered a judgement favourable to the employees. The union is still involved in a court action against Price Waterhouse for the payment of severance pay.

### The Hunter Rose Co. Ltd.

In the fall of 1983 Hunter Rose Co., a 125 year old book manufacturer, went bankrupt. Over 100 employees lost their jobs. There is no one convincing argument to explain its demise. All those interviewed

regarding the case agree the company was viable and that there was no substantive reason why it should not have continued to operate.

For many years and up until just before the bankruptcy Hunter Rose was a division of Copp Clark Ltd., a publisher which is owned by Pitman of England. Hunter Rose was the book manufacturing division of CoppClark but it operated independently and even had to submit bids to do the work of its parent. The division was well equipped with more modern presses than some of its competitors. In 1981 Copp Clark decided it no longer wanted to run its book manufacturing division. In 1982 it reactivated a dormant subsidiary, Hunter Rose, and sold the division to Hunter Rose which was jointly owned by Copp Clark, Michael Pitman, president of Copp Clark, and a group of management employees. Almost immediately Hunter Rose ran into trouble. Launched in the midst of the recession, it faced inhospitable markets. Cash flow problems ensued and the owners tried to sell but couldn't. Suppliers and the bank panicked and bankruptcy followed. But even though the events are apparently straightforward the circumstances surrounding the closure appear more ambiguous.

Hunter Rose was certainly the victim of timing. In August 1982 the market had shrunk dramatically and it was no time to launch a new operation. But Hunter Rose was not truly new and it is apparent that there were a number of poor management decisions made that could have avoided the closure. For example, a competitor weathered the storm quite easily by taking advantage of the federal Work Sharing program while Hunter presumably gambled that the market would pick up so that it could operate with a full labour force. Another explanation for the closure may be that Hunter Rose was a victim of corporate divestiture. Wanting to get out of the book printing business and knowing that business for the near future would be bad,Copp Clark sought to minimize its losses by selling to a group of its own employees and having it go bankrupt under their ownership.

There is some ambiguity about whether Copp Clark felt the book manufacturing division to be viable or not. A 1981 report to the shareholders claimed that the division had operated at a loss and that it would

require substantial investment to operate the division profitably and efficiently, something it could not do at the same time that it was expanding its publishing operation. However, our research found that Hunter Rose's equipment was good by industry standards, although apparently it had been cut off from new investment funds by its British parent, Pitman, because of Pitman's desire to pull out of manufacturing and concentrate on publishing. The 1981 shareholder's report argues that the division would have to be divested, that no buyers were found and that Copp Clark considered closure. The latter option was rejected and the Hunter Rose ownership change was proposed for the following reasons:

> "Closing the division ... would have necessitated discounting the values of the inventories and other assets and would have resulted in the incurring of other costs in liquidating the business, including severance pay to employees and the tax on recaptured depreciation and any capital gains resulting from the sale of the equipment ... closure of the division and the liquidation of all assets would have likely yielded a recovery below net value."

Thus the claim that Copp Clark used Hunter Rose to minimize losses and duck certain costs associated with a closure appears to be substantiated. Certainly the first claim that Hunter Rose was perceived to be the least cost way to divest the book manufacturing division is beyond doubt. It does not necessarily follow that Copp Clark knew that Hunter Rose would fail, nor that it intended it to fail.

## 8. METAL FABRICATING INDUSTRIES

The metal fabricating industries were the largest single industry group in Toronto CMA at the two digit SIC level in 1980. They provided almost 40,000 jobs, just over 11 per cent of total manufacturing employment. While they grew only marginally in the 1975 - 80 period, through the recessionary period 1981 - 83, they show a decline of 20.7 per cent, based on large firm data, for a loss of 6,100 jobs. The Ministry of Labour file has 9 cases of layoffs in this sector, 5 complete closures, one partial closure and 3 reduced operations.

### Allen Tank Ltd.

Allen Tank of Scarborough experienced its best year in 1982. Profit levels were high and sales were a historical record high. Six months later, much to their surprise, Allen's 60 plant and 20 office workers were notified by Allen's mini-conglomerate parent, Toromont Industries of Toronto, that the plant would permanently close. Layoffs started in 1983 and the final closure came in 1984.

On the surface it appears that Allen's demise was due exclusively to a dramatic decline in sales in 1983. But the decision by Toromont to close Allen also reflects a choice by a conglomerate parent to divest itself of a plant that might still have been viable. Allen produced high pressure tanks and drums for the petro chemical, gas and petroleum industries. Its market was almost entirely in Canada. Although it had performed exceptionally well up to 1982, it was unable to land new contracts in 1983.

The industry is extremely competitive internationally. Allen had lost a number of key contracts to firms from other countries especially Japan. Profit margins in the industry were also low - on the average 4 - 5 per cent after tax on sales. Although Allen did not have modern CAD/CAM or robotic welding equipment its manufacturing capabilities were advanced enough to enable it to undertake the high quality and sophisticated work essential in the market.

The market had taken an overall downturn finally as a result of the recession and Allen had banked upon the ill-fated mega projects planned in the energy resource field in Western Canada for continued strong sales. A market forecast predicted two years before demand would be restored. Armed with this knowledge, Toromont didn't hesitate. They closed Allen as soon as they could.

Allen was not a central interest of Toromont. Its major interests are in industrial equipment, steel forging and electromagnetic parts. Around the same time that the decision to close Allen was made, Toromont also purchased Kimmel-Motz in California, a fast growing firm that produces supermarket refrigeration equipment.

Toromont had decided to concentrate its efforts on the refrigeration side of the operation and had also purchased several other concerns related to this around the same time.

But the choice to close Allen has to be subjected to closer scrutiny. It is not clear that the only important factor was a poor market. For example, Allen's only Toronto based competitor of roughly the same size and capability, Toronto Iron Works Ltd., (TIW) was severely hurt by the recession but it remains open. The only apparent difference between Allen and Toronto Iron Works is their structure of ownership. While Allen was part of a conglomerate with many different kinds of operations, Toronto Iron Works is one of a half dozen iron and steel related firms operated by TIW which is privately owned by the Hawkins family.

Moreover, it is conceivable that an alternative strategy might have involved investment in more automated production equipment and on marketing outside of Canada. Presumably the profit margin of the industry, while healthy if it returned to normal, was not sufficient for Toromont.

One wonders whether the decision to close would have been made so readily if more restrictive legislation on plant closures, similar to that which exists in Europe, existed in Ontario. It is impossible to know

with certainty the viability of Allen, but there is evidence to suggest that this closure was not inevitable, that it could have been prevented, and that it occurred because Toromont could readily divest and invest in businesses in a manner that is no doubt beneficial to the corporate shareholders. In this case the benefit to the laid off Allen workers and to Metropolitan Toronto has to be questioned.

Canron Inc.

Canron Ltd. laid off approximately seventy people in 1984 at its Rexdale plant, the company's Eastern Structural Steel Division. The Ministry of Labour printout records a layoff of only 20 but our contact with both management and union officials identified the job loss at Canron to be considerably higher. The reason given for the job loss was a contraction in Canron's markets and decline in sales because of the recession. Our investigation found that in fact Canron had divested itself of one division, the electrical bus duct department, which had been located in Canron's Cherry Street plant in Toronto. This resulted in a loss of 36 plant and 14 office jobs. However, most of these employees were rehired by Canron to work in the Tamper division which took over the Cherry Street plant.

The reasons given by various informers for the closures of the division by Canron are high overhead costs and union scale wages. However, former management employees believe that the division was viable. Indeed, the operation, along with its customers, was sold to Markham Electric where it currently operates apparently successfully. Although the recession precipitated the decision to divest, it appears that the deeper reason is that the division simply did not fit with Canron's overall corporate strategy which does not include the field of electrical products.

York Steel Construction Ltd.

In January 1982 York-Russel Inc. announced that their steel fabrication operation York Steel on Ingram Drive in Metro Toronto would

close and its operations would be consolidated at its Bridge and Tank division in Hamilton. Over 130 plant employees lost their jobs. Although economic conditions were given as the cause of the closure, the depressed economy and declining markets were by no means the sole cause of closure. But a complete understanding of the closure may never be known. The events which pre-dated the closure reflect decisions made in the ephemeral world of dreams and poor management just as much as sound economic decision making.

York Steel was by all accounts one of the finest steel fabricators in Ontario. Certainly Torontonians will be familiar with the name since in the early and mid 1970s York's logo was everywhere advertising yet another building erected by this private company owned by the Tanenbaum family of Toronto.

A key early event which led York Steel into a path that would ultimately result in closure was its purchase in 1980 of one of its suppliers Hugh Russel Inc. of Toronto for $58 million in a 100 per cent leveraged buy-out. Hugh Russel, a distributor of steel, was a large public company with sales of $535 million in 1979. The takeover was engineered by Joseph Tanenbaum, grandson of Abraham Tanenbaum the founder of York Steel and the family fortune.

An intriguing version of the motives underlying the acquisition was outlined recently in an article by Jack Willoughby for the Report On Business, The Globe and Mail.[4] Apparently Joseph Tanenbaum decided to purchase Hugh Russel because of a dream where he claims that his grandfather appeared and told him to do it. The fact that the purchase was already stretching the limits of the debt-burdened York Steel did not seem to deter the younger Tanenbaum from his dream inspired plans despite efforts to stop his bid by his father Max. Although Max had used the same strategy himself while at the helm of York Steel, Max was concerned about a leveraged buy-out at that time and succeeded in getting the Bank of Nova Scotia to withdraw its support for the deal. Joe simply went to the

4. Jack Willoughby, The Globe and Mail, Report On Business, Saturday, July 14, 1984, p.B.1.

Canadian Imperial Bank of Commerce and acquired the necessary financing. In an effort to reduce the debt some of the non-steel related businesses of Russel were earmarked for sale, and in an attempt to leverage even more bank financing a reverse take-over was completed whereby Hugh Russel acquired all the steel related assets of York Steel for $100 million. This resulted in a merger under the name of York-Russel Inc. on February 20, 1981.

Another story of the motive is provided by some of Russel's management. They speculate that the deal was a desperate and ill conceived effort to shelter Russel's revenues from taxes and use the resulting cash flow to relieve the excessive debt of the fabricating business. Whatever interpretation the merger could not have been at a worse time at the beginning of the 1981 - 82 recession. With a debt of $275 million and the highest interest rates in history, the first year of York-Russel was a disaster. Interest costs alone in 1981 and 1982 were $43 million and $38 million respectively and the corporation lost $94 million in 1982.

In an effort to maintain a cash flow, parts of old Hugh-Russel were divested and three York Steel divisions were closed. By 1984, nothing would remain of the old steel fabricating giant's operations. Closures were made in the Winnipeg branch of the Bridge and Tank Division, the London Steel Division, and finally the flagship York Steel in Toronto. In early 1984 the Bridge and Tank operation in Hamilton ceased fabricating operations and was reborn as a steel service centre. The dismemberment of the Russel group of industries ended with the October 1983 purchase of York-Russel's steel distribution assets.

York-Russel changed its name to YRI-York and managed to hold onto two minor York-Russel divisions. Joseph Tanenbaum maintained the chair of YRI and in an astute move separated the steel service centres from all adjoining properties before the sale. Today YRI - York's main business, is managing large tracts of real estate across Canada.

Based on this information it might be possible to conclude that the workers who lost their jobs at York Steel were simply the unwilling victims of a contracting economy coupled with high interest rates - an

unfortunate and external convergence of events. But this interpretation does not explain the specific manner in which the corporation was dismantled, nor does it explain why York Steel was scrapped rather than sold.

A central factor that helps explain the behaviour and the ultimate outcome of the corporation is its ownership and control structure. Although York Steel, a private company, took over Russel, a public corporation, and Joseph Tanenbaum remained in the chair of York Russel throughout, it was the old Hugh Russel management team that actually gained effective decision making power over the merged corporations. Russel's management was more acceptable to the new corporation's creditors. The fact that Russel's management team knew little about the steel fabrication end of the York-Russel's operations helps explain why York Steel did not weather the recession like other steel fabricators. Several poor decisions were made which undermined the steel-fabricating operations and their ability to produce efficiently.

On the other hand, the Russel management team argues that every effort was made to save steel fabrication but it couldn't be saved because of a long term decline in the demand for fabricated steel products. It is true that demand for the product is in decline and that even before the takeover in 1980, York Steel was estimated to have sales of less than 30 per cent of what it had earlier in the 1970s. The Russel team assessed the future market possibilities for York Steel and found that it was a mature industry with a likely future of sales declines. From their point of view it made more sense to concentrate on those operations where there were brighter prospects and where they knew the industry better - thus they chose to divest and consolidate the fabrication end and focus on the distribution and service end of the business.

However, there is no clear evidence of a market trend. Moreover, a similar operation, Frankel Steel in Toronto, chose to enter the American market as an alternative to decline and has done so successfully. While structural steel has always been a domestic industry since 1978, exports have risen from $9 million to $61 million in 1982.

The closure of the York Steel Ingram Drive plant can be related to overall changes in the economy. Specifically the steel fabrication industry is a mature industry which might expect modest profits, but will not see substantial growth. It can be argued that it was only a matter of time before some players got out of the game. However, market forces did not create the York Steel closure directly. The actual closure was the result of the specific choices and decisions of a handful of corporate managers in the context of dramatic ownership and control changes to the corporations.

Wabco Standard

On November 4, 1982 Wabco Standard announced that its steel bathtub plant at Hirons and Cawthra in Toronto would be closed by January 31, 1983. Production of bathtubs would be consolidated at the American Standard plant in Cambridge, Ontario.

Fifty-five workers were employed at the Cawthra plant, 13 employees had already been laid off over the previous year. Thirty of these workers became unemployed while the rest either accepted jobs at other locations, including the Cambridge plant, or accepted early retirement.

Wabco Standard is a subsidiary of the giant American conglomerate American Standard of New York. The corporation's interests are in transportation products, building products, principally plumbing fixtures, construction and mining equipment, and security and graphic products. American Standard, the most important division in Canada, has production facilities all over the world with major facilities in Germany, England, and Italy and plants in Bangkok, Thailand, Mexico and Brazil. World wide sales are approximately $2.5 billion. Wabco generally goes by the name of its parent company.

The Cawthra plant was integrated with two other American Standard plants, one in Toronto at Lansdowne and Dupont, which employes over 400 hourly paid workers and is the centre of operations, another in Cambridge,

Ontario. The Cawthra plant received inputs from the two other plants and was responsible for final assembly, finishing and packaging.

The Cambridge plant's major products were the same as the Cawthra plant - enamelled steel bathtubs and sinks - while the Lansdowne plant concentrated on vitreous china products such as toilets. However, the Cawthra plant was considered the main bathtub facility. It was more modern, had somewhat better equipment and had a major advantage in its layout. While Cambridge was a four storey facility, Cawthra was a single floor layout. Why then was Cawthra closed?

The management of American Standard in Canada emphasized in a letter to the workers at the Cawthra plant that the closure was not due to any shortcoming in the plant or the workers. The closure was necessary, they were told, because of excess production capacity in the company relative to the depressed outlook for steel plumbing fixtures. The main factor affecting demand for these products is the decline in new housing starts in Canada.

Apparently American Standard had realized as far back as 1977 - 78 that it had excess capacity and that it would eventually have to consolidate. It wasn't until the 1982 recession that they finally made the decision to close the Cawthra plant and move its production to Cambridge. The choice was apparently a close one with the Cambridge site selected because of a small cost advantage because of lower capital improvement cost. Although new investment and repair on both the building and the equipment would be required the Cawthra plant would have to be expanded, an impossibility at that site. Wage, tax, or other locational differences were not considered important. The Cawthra plant now functions as a warehouse for American Standard products in Toronto.

Rusco Canada Ltd.

The March 1983 bankruptcy of Rusco Canada Inc. in Scarborough provides a sobering example of how a basically sound manufacturing operation

can be destroyed by its parent operation. Rusco Canada was a healthy steel, window, and door manufacturer serving the Canadian market. It was a wholly owned subsidiary of Rusco Industries of the U.S.A. While employment was only at 53 when the termination notices were issued, in 1979 Rusco employed 80 - 90 people.

By all accounts, Rusco Canada left to its own resources was a profitable operation in the 1970s. Its success has been attributed to its relative autonomy before 1979. The story of Rusco Canada's demise starts with a legal controversy in the 1970s involving Rusco Industries. In 1978 Rusco Industries was convicted of a violation of Securities laws on a charge by the American Securities and Exchange Commission. As a result Rusco's chairman, Mr. Catain, was forced to resign and was required to repay more than one million dollars to Rusco. In 1981, Mr. Catain sued Rusco for $12 million for conspiracy to defraud him.

Meanwhile, Rusco Inc. was not in good financial shape. In 1980 it had sales of $70 million, but a loss of $3.7 million. Facing a steadily deteriorating cash flow problem, Rusco Industries turned to Rusco Canada for help. First Rusco Canada's term deposits were stripped - between $200,000 to $300,000 was sent to the U.S. Then Rusco Canada secured a $1 million loan from the Royal Bank which it promptly used to pay to its parent as a dividend. Rusco Canada was left with its first and only debt at a time of rising interest rates and at the beginning of the recession. By 1982 Rusco Canada was also in a difficult cash flow situation itself.

The events that led up to the closure of Rusco Canada are more complicated than this. They are even somewhat mysterious. In 1980 a purchaser was sought for Rusco Industries. Quinstar Oil Corp. of Paris, Ontario, a small oil, gas and mineral exploration firm made a bid to take over Rusco and this was approved by Rusco's shareholders in October of 1980. It was a curious takeover because Quinstar was only one sixth the size of Rusco Industries.

The transactions that led to Quinstar's control of Rusco are not clear to us. However, one way or another Rusco Industries ended up owing

its owner Quinstar $3 million. Unable to repay the debt it handed over Rusco Canada Ltd. in June of 1981 as a partial settlement of its debt. Around the same time, Quinstar purchased two other building products operations in Canada and started to move out of the oil and gas business by selling all of these interests to a Calgary based company.

Rusco Canada began its operation under its new parent saddled with a debt of $1 million dollars that it was given by its old parent. It was given an additional $3 million debt by Quinstar which appears to be a transfer of the Rusco Industries debt to Rusco Canada. Under these circumstances the writing seemed to be on the wall. With few assets to speak of Rusco Canada was, in the words of its long time president, "insolvent even before it began operating."

Six months after the acquisition of Rusco Canada by Quinstar, Rusco Canada lost all autonomous financial control. Quinstar appears to have continued Rusco's milking strategy with Rusco Canada and then cast it off when nothing more could be extracted.

Schick Safety Razor

In June of 1981, the Schick Safety Razor Plant on Bartley Drive in North York was closed by its parent Warner Lambert, Canada. The decision to close appears to have come from Warner Lambert, Canada's parent, the giant American conglomerate by the same name.

The Bartley Drive Schick plant was established over thirty years ago. It produced the full range of Schick razor blades. The plant was advanced in terms of production equipment and was efficient and profitable. It was initially established by Schick in Canada to get around Canadian Tarriff barriers and to get a foothold in Commonwealth markets through the system of British preferential tariffs. As tariffs declined, the plant continued to operate exporting over 80 per cent of its production to countries such as Australia, Japan and South America.

The Warner Lambert explanation for the closure points to a decline in the volume of sales of blades due to improved quality of the blades. As volume declined, excess capacity was built up and this led Warner Lambert to close two plants, one in Sweden, the other in Toronto. Production was concentrated in the main razor blade plant in Milford, Connecticut. But production continued in plants in Sao Paulo, Brazil, Amsterdam, Caracas, Venezuela, and Hong Kong.

It is not clear why the Toronto plant was chosen for closure. There is little doubt as to the profitability of the plant. The company believed that their dependence on exports was too risky. Presumably there was excess capacity within Schck's worldwide operations and the plant in Toronto was chosen because it was the smallest and the furthest away from its markets. The argument that the markets are in decline is contradicted by Warner Lambert annual reports which claimed increasing sales and increasing market share for Schick blades. What is clear is that the Canadian market is now being supplied by the U.S. Milford plant and 200 non-unionized workers in Toronto lost their jobs because the foreign parent decided the Toronto plant was surplus to Schick's needs.

Upper Canada Manufacturing Ltd.

Upper Canada Manufacturing (UCM) of Evans Avenue in Toronto closed in the Spring of 1984 putting 130 people out of work. The Ontario Ministry of Labour figures show only 57 jobs lost but the company reports this larger number. UCM was a leader in its industry, it was an efficient and profitable operation. It was closed by its parent, Combustion Engineering Ltd., as part of a company-wide consolidation designed to reduce excess capacity in the firm.

Combustion Engineering (CE), an American based conglomerate, is a giant in the field of engineering and equipment manufacturing. The company has interests in equipment and products for the oil and gas industries, electrical utility equipment, including steam generation and nuclear reactor equipment, and design, engineering and construction

services. World-wide sales are in excess of $3.5 billion. CE owns numerous plants in Canada.

UCM was one of four CE facilities controlled by CE's Engineering Superheater Ltd. of Ottawa. A plant in Moncton produces nuclear fuel bundles, one in Sherbrooke produces steam generators and one in Cornwall produces boiler parts, ducting casing, pressure vessels, heat exchangers and air coolers. The Toronto UCM plant was a small, non-union shop that produced highly specialized machine parts. Its equipment was state of the art and it was considered a pioneer in the use of numerically controlled, high precision equipment. Generally what it produced was assembled elsewhere, frequently at the Cornwall plant. The closure resulted in a transfer of much of the productive equipment to the Cornwall facility.

For an understanding of the conditions which influenced UCM's closure it is important to understand certain changes that occurred in the control of UCM. Before 1980, UCM reported directly to CE in the U.S.A. even though it was under the day to day management of CE's Canadian office in Ottawa. In 1980, complete responsibility of UCM was transferred to the Canadian subsidiary in an effort to clarify and simplify lines of accountability and legal control. Before 1980, UCM was a stand alone profit centre responsible for its own sales and financial performance. In 1980, UCM was integrated with the rest of CE's Canadian structure. It lost control of its own bank account and all receivables (and payables) went directly to the parent.

In response to the recession in 1981 - 82, CE decided to reduce its operations world-wide. A directive was sent to the Canadian subsidiaries to get them to downsize and consolidate. Contractions were to occur across all industry segments because of a perceived over capacity in the face of shrinking demand. CE Canada selected the Toronto plant as the one to close.

In 1982 UCM had record sales of $6 million and profits of $600,000. There was no noticeable decline of business at UCM even in 1983. The choice

to close UCM seems to rest on two factors. The size of the UCM plant was small and, there being excess space in the Cornwall plant, it seemed the least difficult option to simply move the UCM equipment to Cornwall and continue production there. The fact that the UCM Toronto facility was leased rather than owned seems to also have tipped the scales in favour of its closure. The Cornwall plant is owned by CE and has room for expansion on its 80 acre site.

While these decisions are undoubtedly rational from the point of view of the firm the point remains that an apparently viable plant was closed in Toronto and nearly 150 workers lost their jobs. The loss of independence by UCM in 1980 was one important factor influencing the decision to close.

Westeel Rosco Ltd.

The Ontario Ministry of Labour reports 143 layoffs in 1982 and a further 92 in 1983 classified as reduced operations as Westeel Rosco's Attwell Drive plant in Rexdale. However, our investigations have found that these layoffs are more accurately the result of a partial closure of operations. Westeel Rosco has been affected by a company-wide rationalization initiated by Westeel's parent, Jannock Ltd. of Toronto. This case illustrates how corporate rationalization can result in considerable capital mobility and job loss without an actual shut down. Although other closures did occur in the Jannock empire, the Attwell plant was continued but with a closure of three product lines.

Jannock is a conglomerate. Its strategy is to realize the best return on investment and often this requires shifting resources from one field to another. Jannock started in fish and forest products and sugar and moved first into steel and electrical components and then into oil and gas. Jannock was ranked 119th by sales in 1980 in the Canadian book on Business. The steel related industries are Jannock's largest, however, they include Westeel Rosco and Jannock Tube. Westeel is best known for its grain bins and grain handling systems but it was also a

major producer of a variety of other steel products for the construction and buildings industries. Prior to 1983 the firm operated from 24 manufacturing plants and warehouses across Canada and two U.S. locations. The principal manufacturing facilities are in Toronto and Winnipeg.

Westeel was strong and profitable up to 1982 when it had a difficult year. In that year Jannock changed Westeel management and commissioned a consultants' study to recommend a strategy for the company to restore profit margins. The consultants' study recommended that Westeel concentrate its efforts on two of its more profitable and stronger product lines, agricultural products and building products, which accounted for two-thirds of its sales, and drop three lines that were weaker, more labour intensive and less profitable - highway and drainage products, warehousing and residential products (mainly fencing) and industrial products. Soon after layoffs occurred at the Rexdale plant and a plant was closed in Richmond Hill.

The Rexdale plant actually had six product lines where there were four separate operations. These were in agricultural products, building products, highway and drainage, toilet partitions, racking and storage, and a steel warehouse and service centre. Rationalization resulted in the elimination of the last four businesses.

The steel warehouse and service centre was the first to go. It was sold to two former employees and continues to operate under the name of Gatt Steel with the same unionized employees. The toilet partitions business was also sold. Although the business was still strong, Westeel was told that its labour costs of $16/hour were making it unattractive. The new owner operates under the name of Hadrian Manufacturing in Oakville with a non-union labour force and wages of $5 - $6/hour.

The cubic storage and racking business was to be sold to employees, but instead was merged with a bankrupt firm, Pacific Steel, under the name of Pacific Westeel. Westeel jointly owned the new firm with Robert Thompson of Canrep Inc. and all production at the Rexdale

facility was transferred to the former Pacific Steel plant in Burlington, Ontario. The workforce at the new plant remains at the same level as it was before the plant went bankrupt and the non-union employees took a cut in pay.

The highway and drainage division followed a similar path. It was to be sold, but a major competitor was experiencing financial difficulties around the same time and a merger was sought instead. A new corporation, Armco-Westeel, was formed, jointly owned by Westeel and Armco Canada, a subsidiary of the giant Armco conglomerate in the U.S. The new Armco-Westeel would be able to eliminate excess capacity in the highway construction products industry by closing duplicate plants. Having 60 per cent of the market would put it in a good profit making position. Production at the Rexdale plant was shifted to the old Armco plant in Guelph.

Westeel Rosco was not losing money on its six product lines at the Rexdale plant. Yet it divested itself of four of these lines because it wanted to rid itself of those operations that had relatively high overhead and labour costs. Three of the divested product lines (highway and drainage, toilet partitions, and cubic storage) were relatively labour intensive employing roughly 40 per cent of the Rexdale workforce although they accounted for only 15 per cent of sales. Similarly the three product lines used production, managerial and warehouse space out of proportion to what they brought in in sales. The Jannock plan for Westeel Rusco was to construct a smaller, more efficient operation with reduced sales but higher profit margins.

SKF

In October 1980, SKF announced that fourteen months hence it would close its Scarborough ball bearing plant because it was not profitable and could not compete with foreign firms. On December 18, 1981 the plant closed and 310 workers, some of whom had worked at the plant for 30 years, were unemployed.

SKF is a world wide operation with headquarters in Sweden. In 1981 it controlled 184 companies with operations on six continents and had $2.7 billion in sales. Profits were 9.7 per cent in 1981. SKF is one of the world's leading ball bearing manufacturers.

There is some dispute over the claim that SKF, Toronto was not profitable at the time of its closure. Detailed research by Paul Grayson on the causes and consequences of the closure, shows that some managers at the Scarborough plant believed that their operation was still turning a profit right up to when the doors closed. While it is impossible to know given that financial data on the performance of the plant are not publicly available, the strategy of the company makes this proposition believable.

The international ball bearing market has undergone sweeping changes over the past decade. Two principle changes have occurred. One is the decline in tariff walls as a result of successive rounds of GATT negotiations; the second is increased international competitition particularly from Japanese manufacturers. In the face of these changes some companies could not adapt and fell by the wayside. Others, like SKF, embarked upon a strategy of rationalization, specialization and automation. SKF factories that previously manufactured a range of product lines were assigned one product speciality. New equipment was installed in strategically chosen plants, and other plants were closed.

It is not clear why the Toronto plant was chosen over other plants in the vast SKF empire. One hypothesis is that the legislative framework that governs the closure of plants is much weaker in Canada than in Europe, for example, and that a corporation scanning its international operations will choose the least cost option to shut down. It is difficult to verify this specific hypothesis but research on layoff rates in the manufacturing sectors of Europe compared to Canada does verify the idea that European employers are far less willing to lay off than their North American counterparts.

## 9. THE MACHINERY INDUSTRIES

The machinery industries, a major industry group, provided close to 6 per cent of total manufacturing employment in CMA Toronto in 1980. The Census of Manufacturers shows the two digit machinery sector to have increased its employment between 1975 and 1980 by 4.5 per cent. But those subsectors listed as office and store machinery and other machinery experienced declines in employment over the same period. Metro Toronto itself lost 1,900 machinery jobs between 1975 and 1980 - a decline of 19.2 per cent. More recent large firm data indicate that the machinery sector as a whole lost 3,600 jobs between 1981 and 1983 or 21.8 per cent of large firm employment. Large firm data also show declines in this sector between 1975 - 1981 so the growth that did occur in that period had to be in small firms.

The Ministry of Labour reports identify five incidences of layoffs in the machinery sector between January 1, 1981 and March 1984, two complete closures, one partial closure and two reduced operations. One further case, Smith Corona, was added even though it was not listed in the Ministry of Labour records.

### FMC Canada Ltd.

On Monday, August 9, 1982, in the midst of contract negotiations with Local 3394 of the United Steelworkers of America, FMC Ltd. informed its employees that it was ceasing production of mining equipment in Canada and would close its Scarborough plant by year end. The company would establish a sales office and warehouse in Markham, but all 160 employees were to lose their jobs.

The Scarborough plant was one of six subsidiary operations in Canada of the giant conglomerate FMC of Chicago. One reason given for the decision to close was that the plant had not been viable for years. But this is contradicted by financial statements for FMC Canada which show a profit of between one to two million dollars on sales of $15 to $25 million between 1979 and 1982. Strong profits were experienced in the

product area specialized by the Scarborough plant. If it was not viable it was certainly not for the lack of profitability. So why did FMC close?

FMC Corp. owns 135 production properties (plants, mines and gas wells) throughout the world. Annual sales are at $3.5 billion world-wide and in 1985 FMC employed 30,500 people, 10,000 fewer than in 1979. It operates in five major industry segments: industrial chemicals, petroleum equipment, armaments, performance chemicals and specialized machinery. The armaments division is by far the biggest in terms of sales of all FMC's operations.

In 1980 FMC committed itself to a new strategy described by its chairman in the following terms:

> "this strategy has been to concentrate our resources in businesses capable of achieving sustained high returns. FMC is accomplishing this by supporting those businesses which meet our return criteria, maximizing the cash contribution from businesses which cannot achieve our return objectives, and adding businesses in industries we understand, which can provide the returns we require."

The return criteria established was 18 per cent, and those businesses that could not match the return would presumably be dropped. In fact FMC has been investing heavily in those segments of its operations that are the high return sectors, namely chemicals and armaments, and reducing investments in those with lower returns like the machinery sector.

The Scarborough FMC plant produced components for conveyor systems largely for the mining industry. While we do not know for certain that the parent closed the Toronto plant because it could not meet its hurdle rate of profit, the overall corporate strategy looms large as an explanation for the Scarborough closure. Another argument might be that the recession had cut into FMC's sales and the closure of several Canadian mines meant that future prospects for FMC's market were not bright. But this analysis is doubtful given that just before the closure the Scarborough plant had just received a large contract to supply the renovated Prince Rupert loading

facilities. Furthermore, there is a mining industry trend towards the greater use of conveyors to move materials because of improved technology and rising motor fuel costs. Thus, the Canadian market would seem to have potential for the future. The key to understanding this is that FMC in Scarborough was not the only FMC plant manufacturing conveyor equipment.

In the mid-1970's FMC opened a new machinery plant in Mississippi. It had closed an equivalent plant in Indianapolis largely to escape union labour. The Mississippi plant was three times larger than the Scarborough plant and produced essentially the same thing. The plant in the sunbelt, however, had lower wages and higher levels of output per worker than the Canadian operation. The Mississippi plant had never produced to capacity and there were some disadvantages for FMC in the Scarborough location such as; the fact that it was an older facility, higher heating costs, and the need for new boiler and compressor equipment.

Just as two other machinery plant closures by FMC in Canada in the 1970s resulted in the shift of production to the larger Canadian conveyor operation in Scarborough, the closure of the Scarborough operation has resulted in the reestablishment of that production in Mississippi. Indeed Scarborough's advanced machinery was sent to the Mississippi plant. This appears a classic case of flight of industry to the sunbelt. The Canadian mining industry will now be supplied by a foreign producer despite the fact that a Canadian based operation charged with that task in the past was viable and profitable and would likely have remained so for some time to come.

Standard Modern Technologies

Standard Modern Technologies produces highly sophisticated equipment such as computer controlled lathes and fuel transfer machines for the Candu nuclear reactor. It is owned by Baxter Technologies Corporation and is that company's chief concern. Three reduced operations are reported for Standard Modern in 1981, 1982 and 1983 respectively. At its height in 1981, the plant on Montcalm Ave. in Toronto had 250 workers. As of February 1984, there remained only 93 employees at the plant.

The loss of employment at Standard Modern appears related to three factors. Layoffs began soon after the bottom fell out of the Canada nuclear reactor market in 1981. In 1981, 50 per cent of Standard's sales were to the nuclear industry; by 1983 this had dropped to 15 per cent. The company has managed to survive by falling back on its standard product - engine lathes. But this has not been easy since the decline of the Candu market coincided with the general economic downturn which cut into the sales of lathes as well. A second source of decline is the progressive loss of their once strong and lucrative sales to the U.S. Navy. Recently, "buy American" pressures in the U.S. have reduced these orders substantially. A third factor influencing the decline at Standard Modern is the competition of Japanese producers in the production of numerically controlled (NC) lathes, and computerized numerically controlled (CNC) lathes.

The company is attempting to develop a new product, a CNC lathe for educational purposes in the hope of creating a niche for itself in the education market across North America. The company also plans to reduce its need for highly skilled machinists in an attempt to reduce production costs and substitute lower paid assemblers. This change is based on technological advances that replace ball-bearings with teflon strips. Thus, any product reorientation and new investment are unlikely to result in the establishment of employment levels to what they were previously.

Toronto Coppersmithing International Ltd.

On December 24, 1982, Toronto Coppersmithing dismissed its workers, about 80 in total, and closed the doors of its Scarborough plant for good. The family owned firm, established in 1929, went bankrupt. It produced pressure vessels (vats) for food industry.

The firm had operated at a loss since 1980. Problems can be traced to 1976 when new management assumed responsibility for the operation. Substantial labour cost over-runs meant

that the company lost money on many contracts. This apparently was due to contract prices that were set too low rather than labour inefficiencies.

Hamilton Gear

Hamilton Gear on Dupont Street in Toronto used to employ 140 workers at the height of its production. A large portion of these were laid off in 1982 as Hamilton Gear's orders declined in response to the depressed state of the Canadian economy. Hamilton Gear is owned by Compro of Toronto which is in turn owned by a U.S. holding company, Nelson Inc. It concentrates mainly on custom orders in the Canadian market for gears for mines, steel mills and automakers.

The future of the company does not look bright, however, because Compro is not investing heavily in Hamilton Gear. Some computer controlled equipment was purchased in 1980 but these equipment purchases appear to be haphazard and not part of any long term plan to modernize the plant.

Smith Corona Ltd.

On May 28, 1982, Smith Corona Ltd. (SCM) closed its typewriter assembly plant on Bertrand Avenue in Scarborough and production of the electromechanical typewriters was shifted to a U.S. plant and ultimately to Singapore. One hundred and forty workers lost their jobs. The closure was the result of world wide corporate reorganization by Smith Corona in response to changes in the typewriter industry.

SCM (Canada) is a subsidiary of the American giant conglomerate SCM Corp. The Scarborough plant assembled electromechanical and old manual portables out of components supplied by the corporation's main production facility in Cortland, N.Y. Assembly at the Toronto plant was carried out by a non-union workforce, 70 per cent of which was female.

The plant was originally established in Toronto in the 1960s at a time when Canadian tariffs were high and British preferential tariffs applied to Canadian made goods. As the Commonwealth crumbled, and Canada lost preferential access to overseas markets, and as various rounds of GATT negotiations have lowered Canadian tariffs, the original reasons for a Canadian plant no longer held. In its final years, the Scarborough plant produced almost entirely for the Canadian market which was in itself viable. It was not because of the lack of profit that the Toronto plant closed down. The reasons for the closure stem from the corporate reorganization strategy of the American parent.

SCM Corporation has annual sales of roughly U.S.$2 billion. It operates in five industry segments; chemicals, coatings and resins, paper products, chemicals and typewriters. Prior to 1983, it owned Proctor Silex but sold it to Westray Ltd. Its greatest strength, however, has been the portable electric typewriter.

The typewriter industry has undergone dramatic changes in the past five years. The introduction of the micro-chip, and its use in electronic typewriters and word processors, has radically altered the demand for electromechanical typewriters which were assembled in the Toronto plant. SMC has not remained idle in a changing market. Like its competitors, it has entered the electronic and computer market. In the early 1980s, SCM closed a plant in Scotland that produced a ball type electric portable, a plant in England that proudced portable manual typewriters, a research factory in the U.S., and the Toronto plant. It explained these closures as necessary because of the declining market for low-end manual models, increased competition from low-labour cost countries, and escalating manufacturing costs. The main Cortland facility has also been affected and the production of electric portables at a Croton, New York plant was shifted to Singapore where it has a plant with 2,400 workers. This latter closure was blamed on a decade of dumping in the U.S. of portable electric typewriters from Japan. While the Cortland facility currently manufatures electronic typewriters, printers and components for the assembly of portables in Singapore, it is likely that

this operation will also be reduced due to rationalization and technological change.

Under these conditions, the Toronto plant had little chance of remaining. Toronto's production was easily taken over by the larger U.S. SCM plant. Moreover, its production of the electro-mechanical model meant that its future was in some jeopardy. Since the American plants were being downsized, it was unlikely that the Canadian plant would have received any new investment to retool for a new product line. Given the lack of any continued economic rationale to have a plant in Canada because of tariffs, it is not surprising to find the Toronto plant closed.

Fortress-Allat Ltd. (formerly Babcock-Allat Ltd.)

In 1982, Fortress Allat laid off 136 workers from its Finch Avenue machinery plant. It is estimated that one-quarter of these have been recalled, but the rest have lost their jobs permanently. The layoffs appear to have been initially caused by the decline in Allat's markets due to the recession. However, as sales have picked up, the labour force has not increased because of changes made to the production process.

Fortress-Allat manufactures road construction equipment. Sales are in the $30 - $40 million range and roughly 35 per cent of production is exported, mostly to the U.S. The company is somewhat of an anomaly in an industry dominated by very large corporations. It has a niche in the market in producing compact size pavers, graders and attachments.

The firm has undergone several ownership changes since 1979. In 1979, the firm known as Allat Ltd. was owned by the Smith family of Toronto. It was prosperous and growing and in 1978 they established a plant in Singapore. In 1979, they sold out to Babcock International of the U.S., a huge conglomerate, reputedly for a very good price. Less than two years later, Babcock sold its whole construction equipment division to a German firm, Wibaw Westdeutsche Industries. In July of 1983 less than a year later, Wibaw sold it back to the Smith family reputedly for

only a fraction of what they had originally sold it for. (The Singapore plant was not part of this deal.)

In the late 1970s the firm employed 240 people. It now employs 90. Sales have picked up but three things have happened to reduce the labour requirements at Fortress-Allat (the new name under the Smiths). 1) Automated equipment (NC and CNC) has been acquired in the plant. Although this was acquired when the Smiths owned it originally, it has taken several years to use it effectively. 2) There has been product rationalization with some models being eliminated. 3) Allat has sub-contracted a portion of its manufacturing to outside plants in other parts of Canada as well as abroad. This has meant that the Toronto facility is increasingly an assembly operation rather than a manufacturing facility.

## 10. THE TRANSPORTATION EQUIPMENT INDUSTRIES

The transportation equipment industries are big in the Toronto CMA. In 1980, just over 10 per cent of all manufacturing employment was in this sector. The period 1975 saw a phenomenal growth in employment of 43.1 per cent from 25,000 to close to 36,000 jobs. Large firm data show smaller increases for this period, but they also show that more jobs were lost in the period 1981 to 1983 than were gained in this sector from 1975 to 1981. Without small firm data, it is impossible to know whether the loss of jobs in the recessionary period were as great as they appear. But these data do demonstrate that more jobs have been lost in the transportation equipment industries than in any other single two digit SIC industry in the Toronto area.

The Ministry of Labour record shows nine cases of layoffs with four closures and six reduced operations. We investigated all but one case of the reduced operations. Most layoffs were in industries in the automotive sector.

### Certified Brakes Company

Certified Brakes has two plants in the Toronto area - one in Rexdale and one in Mississauga, with a third in Kentucky. It has been owned by an American conglomerate, Lier Siegler, since 1977. Lier Siegler operates in several major business segments: aerospace, machine tool, electronics, automotive service products, and automotive/agricultural/ commercial products. It has 45 divisions or subsidiaries and operates in 25 American States and 10 other countries.

Certified Brakes produces brake parts. Although it experienced a slight decline in sales and profits in 1982, 1983 was very successful exceeding 1979s record results. They were apparently not satisfactory enough for Lier Siegler. The parent forced a number of changes on Certified Brakes including changes in the management structure. Soon after 147 workers were temporarily laid off. They were recalled several months later in March of 1984. However, although our period of analysis

did not extend beyond March 1984, we did find that 245 workers were laid off indefinitely in June after a ten week strike at the plant. Both union and management acknowledge that the strike resulted in a loss of major customers and this was what caused these layoffs. However, there is a sentiment that the plant is slated for closure in the near future.

It is difficult to conclude anything but what the facts demonstrate that the loss of employment at Certified was the result of the loss of business. But other factors also need to be examined. For example, the federal Department of Industry, Trade and Commerce has pointed out that the automotive industry

> "is predominently U.S. owned and controlled and the Canadian subsidiary has generally assumed the status of a branch plant. It is normal for the parent to make investment decisions and, in many cases, to handle such functions as purchasing and labour relations on behalf of the subsidiary."
> (The Automotive Industry in Canada, p.2)

Frequently this leads to investment or divestment decisions that, while rational from the point of view of head office, lead to the destruction of viable subsidiaries. Lier Siegler was certainly instrumental in the decision to lay off the 147 workers originally in 1983 and there is some evidence that the parent has provided little or no new investment to Certified despite the fact that business prospects are apparently bright.

Gabriel of Canada Ltd.

Gabriel of Toronto produces shock absorbers for the replacement auto parts market. It is a division of Van der Hout Associates which is controlled by Maremount Corporation of Chicago. The market for shock absorbers declined dramatically as a result of the recession. A large loss was experienced in 1982, but this turned into a profit in 1983. The temporary layoff of 233 workers in 1983 was attributed to the loss of sales in 1983 as a result of an 11 week strike.

American Biltrite Inc.

American Biltrite, a U.S. owned company, closed its Creators Division plant located on Signet Drive in Toronto in March of 1982. The plant produced decorative plastic trim for auto industry. According to management, the product line suffered from tough competition and the plant had suffered continuous losses.

The company continues to operate another Canadian plant in Sherbrooke, Quebec, and three plants in New Jersey. The company has pulled out of this product line entirely. Several layoffs predated the closure and more than 300 people lost their jobs as a result.

Sieberling Canada Ltd.

Sieberling Canada is owned by Goodyear Canada. Goodyear is best known for its tire products, but it also produces conveyor belts, steel cable and food packaging among other things. A Sieberling tire plant on Paton Road in Toronto was closed in 1982. The 70 year old plant had been run down for years and the cost of repairs was deemed prohibitive.

The closure was expected for years and finally came in 1982 at the time of significant decreases in the demand for passenger tires. All 290 employees received notice six months in advance and all but 40 employees who retired were transferred to another Goodyear plant in Etobicoke.

## 11. THE ELECTRICAL PRODUCTS INDUSTRIES

Several studies of the manufacturing sector in the Toronto area have found the electrical products sector in decline for some time. Our data reveal a decline in employment between 1975 and 1980 in the CMA in the two digit sector called Electrical Products. The decline was 6.9 per cent of 2,604 jobs. Specific declines were recorded in that period in the subsectors designated by SIC 331 (Manufacturers of Small Electrical Appliances), Other Electrical Products, SIC 336 (Manufacturers of Electrical Industrial Equipment), SIC 338 (Manufacturers of Electric Wire and Cable and SIC 339 (Manufacturers of Other Electrical Equipment). One report records a loss of 1,880 jobs in the Metropolitan Toronto area alone for the same period.[5] Large firm data for the subsequent period 1981 - 83 show that employment declined by 13.5 per cent or 4,700 jobs with the largest single losses occurring in the electrical industrial equipment sector. Not surprisingly because of these large declines in employment there are a large number of recorded layoffs in the electrical products sector. The Ministry of Labour records show 12 cases in the Metropolitan Toronto area for the period January 1981 to March 1984. This is the largest single number of firms engaged in any layoff activity at the two digit SIC level for this period in Metro Toronto. There were six complete closures and six reduced operations.

### Union Carbide

Union Carbide of Canada Ltd. closed its Toronto plant on Davenport Road in 1981. The plant housed the production of carbon-zinc batteries when it closed and produced carbon brushes for electrical motors several years before. Eighty non-unionized workers were laid off according to the Ministry of Labour records, but our research found that the number of workers that were affected was much higher. The closure actually resulted in the transfer of 78 management, sales, and technical staff to Union Carbide's other plant in Walkerton, Ontario; 150 non-skilled

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5. Robert Gardiner, Industrial Development in Metropolitan Toronto, Municipality of Metropolitan Toronto, 1983.

employees were terminated, and 50 employees were given early retirement.

Union Carbide Canada is owned primarily by Union Carbide of Danbury, Connecticut. The firm is a supplier of industrial products to other manufacturers, but also has a smaller product area of consumer goods that include "Glad" plastic garbage bags, "Eveready" batteries, and "Prestone" antifreeze. Between 1978 and 1983 the firm performed very well indeed. They doubled their sales to close to $700 million.

The fate of the Davenport plant seems to be related to two factors: 1) During the 1970s the market for dry cell batteries changed. Alkaline batteries began to dominate the market and import penetration in dry cells increased dramatically. 2) Given the changing market by the late 190s, Union Carbide felt that the Davenport plant, which had been built in 1919, was inefficient. The three story facility had an inefficient layout and little room for expansion. A decision was made to reduce investment in the Toronto plant and consolidate operations in the larger, expandable, and more modern plant in Walkerton. There is some evidence that Union Carbide intends to phase out the production of carbon-zinc batteries entirely. This would provide another justification for the closure of the Toronto operation. The Davenport facility was antiquated and changes in the market precipitated a decision to rationalize in an ex-urban facility. However, there is also evidence that the corporation had placed a lower priority for investment on their consumer products division over the past several years. In 1982, the division received only 11 per cent of the company's new capital investment and in 1983 it received nothing. Yet the division also accounts for roughly 25 per cent of the Corporation's sales. Thus, the closure may represent a more profound shift in corporate priorities for the future.

Homeware Industries

It is not clear why this firm is located in the electrical products industries SIC designation of 3310 because the products of

Homeware Industries might have been more appropriately designated as metal fabrication. Homeware manufactured barbecues, metal shelving, patio furniture, and utility tables. In any case the Ministry of Labour reports a loss of 71 jobs when Homeware Industries, a small privately owned operation, went bankrupt in 1983. It is likely that the real impact on levels of employment were higher because the plant had a peak employment level of 300 workers.

Homeware's problems are difficult to understand. They seem to have their origin in actions of the previous owner who was the founder of the company. Throughout the 1970s, Homeware prospered and had to expand into new facilities on Wilson Blvd. in Downsview. The firm seems to have run into unexplained trouble at the same time as its owner's other venture, a real estate firm, went bankrupt. The owner was forced to sell the firm in order to satisfy his creditors. The new owner, also a private entrepreneur, embarked on a strategy of purchasing a range of other businesses. By mid 1981 Homeware was in financial trouble. A wage freeze was negotiated with the workers and the bank monitored the actions of the company closely. By 1982, Homeware should have been in a good position to serve the market for barbecues since their major competitor had gone bankrupt and it was just expanding into the lucrative gas barbecue market. However, by June 1983 Homeware was $4 million in debt and the bank decided to appoint receivers.

The demise of Homeware seems to be related to the behaviour of the owner in acquiring several new businesses within a short period of time. This resulted in the build up of a large debt load which made it difficult for Homeware, which was in a favourable position, to take advantage of its new market strength. There is also evidence that the handling of the receivership was prejudicial against the interests of the workers in that potential new owners were led to believe that the union that represented the workers had undermined the viability of the plant.

Ferranti-Packard

Ferranti-Packard is an old private firm that manufactures electrical industrial equipment. In 1982, and again in 1983, the company laid off employees at its Industry Street plant in Toronto in a reduction of operations that has left the plant with half the employees it had previously. The layoffs were induced as the demand for electrical energy in Ontario plummetted. However, these originally indefinite layoffs have been transformed into permanent job losses as Ferranti-Packard sought to invest in technological change and to intensify production in an effort to boost its market share in a shrinking domestic transformer market.

The North American operation of Ferranti-Packard, already a large multinational corporation controlled out of Britain, was purchased by Northern Engineering Industries of Britain in 1979. NEI was the result of a merger of several prominent electronics producers in Britain. NEI was a giant operating 60 different plants in five continents in countries such as England, Australia, Canada, Hong Kong, India, New Zealand, South Africa, United States, Zambia, Zimbabwe, and Mexico. After the purchase of the Ferranti-Packard operation in Canada in 1979, little changed at the Industry Street plant. Demand for transformers was strong as the demand for electrical energy continued to rise. Between 1979 and 1982, however, the demand for large transformers declined quickly as the demand for electrical energy dropped off. The drop in the demand for electricity was attributed to several factors: the lack of new industrial growth, the economic recession, and energy conservation practices. During 1982, NEI became increasingly involved in the operation of Ferranti-Packard. New management was hired and production employees were laid off. The timing of the management changes and layoffs was due not only to the decline in markets. Labour relations in the plant were turbulent for several years. Lengthy strikes had occurred at the Industry Street plant in 1982 and 1983 as the union combatted company demands for a reduction in fringe benefits and changes to job classifications. However, it seems clear that the company is also engaged in major changes in its organization of production in essentially three ways: intensification of production, technological change, and quality control improvements. At the same time, it is engaged in a vigourous attempt to find new markets.

This case demonstrates how several factors have combined to affect the level of employment at Ferranti-Packard. The first and the precipitating factor was the decline in the market for transformers. A second factor was related to the ownership of the firm. The decision to restructure production appears to have come from the parent NEI since it was their initiative which led to the replacement of the management of Ferranti-Packard and ultimately to the radical changes in production.

Konar Corporation

Konar Corporation laid off 70 employees just after the purchase of the firm by a group of entrepreneurs from receivers of Konar's assets. Konar operated in a very specific industry niche. It produced printed circuit boards and was heavily reliant on Northern Telecom as its primary customer. Konar suffered a blow in 1981-82 when it was returned $1 million in circuit boards from Northern Telecom because they were sub-standard. Sales were also affected by the recession.

Konar was incorporated in 1977 after the purchase of the assets of bankrupt Relemco Ltd. Sales rose from $4.3 million to $11.3 million in 1982. Profits over the period however were marginal. The private owner of the plant invested heavily in the operation throughout the period. The new investment in equipment and in the expansion of the plant led to an overextension of its credit. Coupled with rising interest rates this led to an overly heavy debt load. By December 1982, Konar's bank called in a receiver after several loan payments were in default. The evidence so far seems to indicate that Konar was the victim of economic circumstances beyond its control. Perhaps mismanagement could be claimed given the investment strategy of the owner up to 1982. However, other uses of the cash flow were revealed in Bankruptcy Court records. Konar also paid for a racing car, $3000 per month for an executive apartment, $450,000 advance to associates to purchase shares which was never collected, payments on repairs to the owner's house, and other irregular transactions between Konar and another subsidiary of the owner.

Today Konar operates under the name of Konar Ltd. It has the same market position as it had under its previous owner and it is undergoing a $3 million capital expansion. It used to employ 200 workers but now has 130. Perhaps the most unfortunate aspect of the Konar case is the fact that the workers that were laid off never received severence pay, vacation pay or other benefits due to their status as unsecured creditors.

C.P. Claire Ltd. (General Instruments of Canada)

In September of 1982, C.P. Claire Ltd., a division of General Instruments, announced that it would close its Toronto, Industry Street plant by March of 1983. Over the next several months workers were laid off in stages as production was wound down. All 240 employees lost their jobs except a small group of sales staff who have been retained in an office on Kelfield Road in Toronto. C.P. Claire has its headquarters in Chicago.

As a division of General Instruments, a world giant in the electronics field, C.P. Claire is itself a world leader in the production of wet and dry read electronic relays and other electronic components. Until recently, it had plants in nine different countries including Sweden, West Germany, Belgium, France, Mexico, Taiwan, and the United States.

The Toronto plant was established in 1957 and manufactured a variety of products including relays, cable wire harnesses for computer and automobile assembly, and for a brief time before the closure, I.B.M. computer terminals. In fact, the Toronto plant did not actually manufacture these products so much as assemble them from components manufactured in other C.P. Claire plants. The Toronto plant was simply one player in a worldwide system of inter-plant trade and production. The workforce was made up predominantly of unskilled, immigrant women and production was labour intensive.

There is no evidence that the Toronto plant was in any way not viable or contributing profit to the C.P. Claire operation in general.

The plant had never taken a loss and it had made a profit of $1.5 million in the year before it was shut down. Other factors appear to have influenced the decision to close the Toronto operation. The plant was always more vulnerable than other C.P. Claire operations. The plant was small and produced a particular hybrid of three products for the Canadian market alone, a restriction that was strictly defined by Chicago headquarters. Investment in R&D or in new production technology was minimal and production often involved intra-plant trade within the firm. There was no vertical integration of manufacturing in the plant. Even the facility was leased in accordance with company policy. It appears as if the company had established all the conditions essential for a quick exit from Toronto if and when it desired to do so.

One factor stands out in an analysis of the motives behind the closing of C.P. Claire: General Instruments' relationship with its clients and the quest for low cost labour. During 1982 major clients to which General Instruments provided computer components projected a flat market in Canada for their products. A decision was made to concentrate on the development of the U.S. market instead of weathering the storm in Canada. Computer assembly of the I.B.M. type 34 terminals was shifted to the U.S. plant in El Paso, Texas and to Juarez, Mexico. Relay production at the Toronto plant was similarly shifted to their plant in Guadaljara, Mexico resulting in an expansion of the Mexican plant. As General Instruments outlines in its annual report in 1984, the effects of the devaluation of the Mexican peso were too attractive to ignore.

The closure of C.P. Claire Toronto illustrate how the destiny of a plant no matter what its individual performance is tied to the overall strategy of the parent. The quest for increased profits and market dominance in high growth lines leads to a strategy where competitive advantage is gained by seeking out minimum cost labour in order to increase profit margins. To take advantage of the cheapest labour globally, productive resources are kept in a manner that promotes easy geographic mobility. The parent's strict control of plants, and the segmentation of markets served by plants, results in a situation where plants can be moved in or out of the center of the corporate development strategy. In this way plants are primed for closure and workers are regularly thrown in and out of work in the process.

## Trench Electric

Trench Electric of Maybrook Drive in Scarborough reduced their work force by 40 in 1982 and by 59 in 1983. These reductions appear to be related to a drop in sales due to the recession.

Trench Electric is owned by Gutherie of Canada Investments which is a subsidiary of Gutherie Corporation of the U.K. which is in turn a subsidiary of the Malaysian corporation Yayason Pelaburan Bumiputra. The Scarborough plant manufactures capacitors and generators and exports 70% of its production to electrical utilities around the world. The majority of workers are unskilled and not unionized, although a small group of workers belong to United Electrical Workers, Local 514.

The Trench plant is a state of the art operation and is unique and independent from the parent in many respects. It performs a sizeable amount of R&D. Thus, the reduction at the Scarborough facility seems directly related to cyclical economic factors beyond the control of the firm.

## Canadian General Electric

On September 8, 1983, Canadian General Electric announced that its heavy electrical equipment plant in Scarborough would close by March, 1984. This was not the first closure of a CGE plant in Toronto. Nine plants have been sold or scrapped, and employment levels in others have plummetted, as CGE and its parent, General Electric of Fairfield, Connecticut, have changed corporate priorities and reorganized production on a world scale.

General Electric is one of the largest and most profitable companies in the world. It operates 377 factories in 27 countries and employs 340,000 employees world wide. In 1983 profits at GE were over $2 billion. Return on equity figures have increased by an average of 20% over the five year period 1978-1983.

In Canada profits were more modest, but at $38.5 million were substantial enough to be ranked number one on Canadian Businesses' list of heavy manufacturers. CGE controls 17 companies and employed just over 14,000 employees in 1983.

CGE operates in six business segments. The heavy machinery division produces hydroelectric generators, electrical motors, transmission distribution and electrical regulation systems, locomotives, jet engines, paper machines, and mining equipment. The consumer and construction products division manufactures household products such as lamps, home entertainment equipment, heating equipment, carbide tools, plastics and a range of other products. CGE is also involved in the production of household appliances and recently has entered the oil and gas exploration field through the purchase of Ladd Exploration.

CGE's corporate strategy is essentially the same at GE's. It has decided that its future no longer resides in its traditional business, small appliances and products, which are mature industries. Rather, GE and CGE are looking toward producing high technology products that have high growth prospects: missile guidance systems, generators, jet fighter engines, robotics, office automation, electronic and data communications systems and medical diagnostic equipment. GE's strategy is outlined in CGE's 1983 annual report.

> "The emphasis on world class, high technology products underscored the continued drive to restructure CGE through specialization, rationalization and internalization of operations and to redirect resources toward businesses that are most likely to produce long term growth. The initiatives taken in 1983 reflect CGE's strategy to strengthen the company by focusing on businesses where we can hold the number one or strong number two market position."

This involves selling or closing down some of CGE's traditional operations, rationalizing or concentrating the production of certain products in a smaller number of plants and investing in sophisticated productive technology in order to decrease costs. The sale or closure of plants is a central element in the strategy that allows GE to finance their move into

new high growth ventures. The consequence of the strategy has been that world side GE has sold over seventy operations in just two years, 1981 to 1983. One of its most important divestitures was from the small appliance market. In 1983 GE sold to Black and Decker its housewares plants in Brazil, Mexico, Singapore, Brockport, N.Y., Allentown, P.A., Ashero, N.C. and Barrie, Ontario.

CGE's strategy is identical to that of its parent. CGE is concentrating its resources in those product lines for which it has been granted a world product mandate by its parent firm. Since 1970, CGE has dropped 44 product lines, picked up 41 and negotiated 22 world product mandates including hydro electric generators and turbines, ore grinding, machinery and various lighting products. This move into the international market is therefore part of the specialization goal of CGE and involved rationalization and restructuring in order to meet these production challenges. Concentration of production in fewer plants and the reduction of the labour force through automation are part of GE's strategy for the creation of world-class production facilities.

While the strategy may be effective for the growth of the sales and profits of GE, it has the opposite effect on workers. Since 1980 CGE's rationalization strategy has cut employment levels in Canada from 21,000 to just over 14,000. No precise records for the Toronto area exist, but information from the union that represents CGE workers shows that in the early 1970's the United Electrical Workers represented 9,000 of CGE's production workers in Ontario; the union currently represent 3,500 workers. The Toronto area seems to have been particularly hard hit. In 1975 UE represented 3,000 workers in Toronto, currently it represents only 700. It expects that when the relocation and rationalization schemes that will affect two of CGE's plants in Toronto are complete, it will represent no more than 200 CGE workers in Toronto.

The Ministry of Labour records only two CGE closures in the Toronto area between 1981 and 1984. This does not represent an accurate picture of layoffs that have occurred as a result of the CGE corporate strategy. Requirements to report layoffs to the Ontario government are

made from CGE headquarters and it is often difficult to pinpoint where a layoff or closure has actually occurred. In addition to the closure in Scarborough, CGE-owned Camco in Weston (Canadian Appliance Manufacturing Company) was also closed. However, significant employment declines have also been identified in CGE's Davenport duct, transformer and conduit plant, and it has announced plans to close its Dufferin Street lamp plant, and will close a plant on Castelfield Road in Toronto.

The Scarborough plant employed 429 highly skilled workers in the manufacture of large steam turbines for use in nuclear power stations, hydro generators, and assorted heavy equipment products. The reasons given for the closure were a decline in the market for large steam turbines and hydrogenerators as well as the loss of steam turbine contracts to foreign, particularly Japanese manufacturers. Declining markets were attributed to large over-capacities in Canadian utilities. Foreign markets in steam turbines, it was argued, were not easily assessible to CGE because they could not compete against GE since they had to buy 75% of the completed turbine from the parent. CGE indicated that it had explored alternative uses for the Scarborough plant but rejected them because they were deemed incapable of using the plant to capacity.

The union representing the workers contested the decision arguing that while the market for steam turbines was in decline there was a very substantial market for hydrogenerators for which CGE has GE's world mandate. It appears that GE had first established the plant in Canada simply to take advantage of preferential contract bidding and to get inside the tariff wall. On the other hand, a considerable amount of the value added (and therefore employment) was already realized in the U.S.

CGE was engaged in its own rationalization process and hydrogenerator production was being centralized at Dominion. Dominion, unlike the Scarborough plant, had received priority for investment within CGE and had some of the most advanced production technology available. Despite the fact that Scarborough was and could produce hydrogenerator components, Scarborough was never expected to meet this demand. Evidence suggests that the ascendency of Dominion Engineering was in fact predicated on Scarborough's demise.

Camco

Camco, the Canadian Appliance Manufacturing Company, is one of the major producers of home appliances in Canada. Camco is part of the General Electric Empire. It was formed as a merger of Westinghouse's former appliance division, the new General Steel Wares (GSW) and CGE's appliance division in 1977. Camco claims to be Canada's largest producer of appliances, supplying 30-35 percent of the domestic market. While Camco has undergone considerable rationalization involving shifting production around from plant to plant,the particular case of interest to us is one involving layoffs and the subsequent closure of the Camco plant in Weston. The Ministry of Labour lists layoffs due to reduced operations in 1981 and 1982 and further layoffs due to the complete closure in 1982 and 1983. At capacity, the plant employed 800 workers, although according to the Ministry of Labour records the total employees laid off was 387.

The appliance industry is highly responsive to economic conditions. As the recession hit in 1981, sales slackened. The industry as a whole, underwent significant restructuring. Admiral went bankrupt, White Consolidated rationalized, Inglis developed new export products, although layoffs and shutdowns also took place, and Camco rationalized and untertook extensive technological innovation.

The merger of CGE with the much smaller GSW was an anomaly for CGE which had decided to exit from its traditional mature industries. Indeed it had plans for the sale of its appliance division, but reversed its course once Westinghouse had left the domestic appliance market. The merger left GSW with less equity but equal control of Camco. Given the new and stronger market position for CGE, it decided to remain, at least for the time being, in the appliance manufacturing business. It was a strategy that proved successful. Despite the slack market for household appliances Camco continued to increase sales in 1982 and 1983. Initially, Camco production took place in five plants in Ontario and Quebec. The Weston, Suntract Road plant produced air conditioners, stoves, refrigerators, dishwashers and housings.

The equal relationship proved difficult for the partnership from the beginning. In 1982 CGE attempted to buy out GSW but this was disallowed by the Federal Investment Review Agency (F.I.R.A.), later it attempted unsuccessfully to dissolve the relationship through the courts. A solution was finally reached in November 1983 when GSW and CGE sold common shares to the public and Camco employees. Ownership was thereby split in favour of CGE with 51% of the ownership compared to 34% for Camco. The source of tension between the two corporations appears to have rested in the fact that CGE controlled accounting procedures and financial agreements, as well as differences in plans to rationalize operation. When CGE gained effective control over Camco, it installed its own managers and Camco's corporate strategy was more effectively alligned to that of CGE's. The decision to close the Weston plant was based on CGE's desire to concentrate production in a smaller number of plants.

In this case, production and machinery at the Weston plant, as well as at another London plant, were moved to Hamilton where the plant is three times the size of the one in Weston. And new investments, at a cost of $18 million, particularly in robotics, are being made in the Hamilton plant. CGE cited lack of room for expansion as the cause of the closure.

## 12. CHEMICAL AND CHEMICAL PRODUCTS INDUSTRIES

The chemical industries are moderately important in the Toronto area providing 6.2% of manufacturing employment. Between 1975 and 1980 they grew by 6.5%, about the average for all industries. Some sub-sectors within the chemical industries declined marginally through this period. These included pharmaceuticals and medicines, manufacturers of pigments and dry colours, and industrial chemicals. The chemical industries were one of the few industry groups not to decline in the period 1981-83. Although this represents only large firm data, small firms are almost non-existent in the sector.

The Ministry of Labour records show four companies that laid off employees. There were three complete closures and one partial closure.

### John A. Huston Ltd.

John A. Huston Ltd. is listed in the Ministry of Labour file as a complete closure. In fact our investigation found that it was a partial closure since the plant still operates, albeit in a radically different manner. It operates with 40,000 square feet rather than its previous 100,000 square feet and it produces for a different market.

John A. Huston was a unique company in that it operates both as a custom manufacturer and as a manufacturer's agent. The business acquires contracts from firms for the manufacture, storage, distribution, promotion, and marketing of cosmetic products under a variety of names. It was purchased by Colgate Palmolive in the early 1970's to gain access to a number of Huston's customers. The loss of several major customers and plans to diversify moved Colgate to sell Huston to a group of management employees of Huston in 1981.

John Huston is reported to have been in financial difficulty at the time of the sale, but prospects for the company were still bright with a few major contracts such as for the production of "Stretch and Seal". There is no clear reason why this group of managers soon turned

around and sold Huston to CCL Industries Ltd. in 1983. CCL is a large diversified company that operates several divisions including: the custom manufacturing fields of personal care products, paint and automotive supplies, and pharmaceuticals and fragrance products. The purchase of John A. Huston by CCL was motivated by their desire to integrate Huston's product contracts into their operations and thus to extend their dominance of the cosmetics related packaging market. Now as a division of CCL, the John A. Huston plant on Dunflaw Road provides specialty short runs for CCL and does overflow products for CCL's other plants. Employment has dropped to 35 employees from its previous 100. However, most of the laid off employees were given employment in other CCL plants.

G&G Packaging Ltd.

G&G Packaging, which was spun off by Yardley's in 1980, operated for only 22 months before it was put into receivership and all 105 workers lost their jobs.

G&G Packaging was a custom packager much like John A. Huston and it was owned privately by five partners. About 25% of the plant's sales were to the U.S. It manufactured primarily custom packaged soaps, shampoos, and candles. Its major contracts were with Yardley and Avon.

There was considerable new investment in high-speed, automated packaging equipment which was acquired with bank loans. Indeed, this was one of the major factors which contributed to the bankruptcy. However, the events surrounding the call for receivership are curious. Coopers and Lybrand were asked by the bank to review the operations of the company. The audit recommended that the operation be put under tighter financial control. The bank ignored the recommendation and forced the receivership. A second factor is said to have affected the operation of the plant. Labour management relations were strained. A strike was organized and sabotage of a machine resulted in a costly shutdown for an extended period.

A high debt load, rising interest rates, and labour management problems led to G&G's early demise. It is not clear why the bank acted to put G&G out of business when it appeared to have a positive future. The firm was apparently viable but was worth more to the bank dead than alive. Today the plant is leased as a warehouse.

Johns Mansville Corporation

Johns Mansville Corporation Canada Ltd., with a parent of the same name, headquartered in Denver, U.S.A., is best known for the claim against it by former workers who have suffered from asbestosis. In the 1970's the large 202,000 square foot plant in Scarborough housed over 750 workers. Today 110 workers remain. Most have left when Mansville divested itself of its asbestos related products. The strategy of the huge world wide corporation in the face of numerous suits against it was to isolate the asbestos division in order to protect the corporation against liability and ultimately to divest itself of any divisions involved in asbestos. This involved forming a new organization, Mansville Corp., and filing for bankruptcy because of the numerous suits against it.

The Scarborough plant contained three divisions, one producing asbestos insulated pipe, another fiberglass insulation and a third, insulated pipe. At approximately the same time as Mansville was divesting itself of asbestos products, Johns Mansville Canada announced the closure of its fiberglass insulation division in the Scarborough plant. This resulted in the loss of a further 95 jobs. The fiberglass insulation business was highly competitive and there were inefficiencies in the Scarborough plant which provoked a shift of this production to a Quebec based plant owned by Mansville. The asbestos division closure left another 500 workers out of work. Although it appears that the litigation problem was the primary motivation for the closure of the division, the fact is also that the asbestos market is in severe decline because of the health hazards associated with the product.

## 13. MISCELLANEOUS MANUFACTURING

Miscellaneous manufacturing as a category obviously encompasses a broad range of industries not elsewhere classified. As a statistical grouping the miscellaneous sector represented 7.8% of all manufacturing employment in 1980. It grew very little between 1975 and 1980 but declined by 3.1% in the period 1981 to 1983. The Ministry of Labour reports five cases of layoffs, two being complete closures, and three reduced operations.

### Canada Motor and Cycle Ltd. (CCM)

CCM is a well known trademark in Canada in the sporting goods field. As a major Canadian bicycle manufacturer it produced hockey sticks, skates, helmets, and padding. CCM had three basic locations; a plant in Toronto, St. Jean, Quebec, and a warehouse facility near Boston. The firm was established in 1899 and operated for 83 years until its bankruptcy in October, 1982.

The roots of CCM's problem can be traced to the actions of its former owners, Levy Industries, which purchased CCM in 1962. Levy was a conglomerate based out of Toronto, It is apparent that Levy never had a commitment to CCM and may have used CCM revenue to fund its expansion into its non-manufacturing business in the 1960's and 1970's. The lack of new investment and poor product and management strategies put CCM in a weak position in its markets by the late 1970's.

CCM had losses for six years prior to 1978 and approached the federal Enterprise Development Board (EDB) for assistance. It received a 12 million dollar loan to help secure better management and reduce inefficiencies. However, Levy spent little of this on restructuring CCM. By 1978 the federal government had forced Levy to sell CCM to a Montreal based firm, Maxwell Cummings and Sons Holdings Ltd. The purchase price was low, and Cummings leased the facilities instead of buying them. Hence the commitment to CCM was low. Some changes were made as a result of the new management but Cummings was inexperienced in the product lines

and was reluctant to commit funds for essential capital upgrading. A small profit was made in 1980 and losses were experienced in 1981 and 1982. By October 13, 1982, Cummings had voluntarily put it into receivership. How did such a well known company in Canada go down the drain and leave so many workers without a job? The answer seems to be mismanagement. CCM could have done well if Levy had put priority on responding to new market conditions such as the popularity of the Lightweight 10 speed bicycle in the early 1970's. Another factor was Levy's lack of interest in manufacturing and their focus on cold storage and food distribution. The CCM division had little priority and thus did not stay abreast of new and more efficient production techniques. Machinery at the Weston plant in Toronto was antiquated, some of it dating from war time production of the 40's. The Cummings group made little or no effort to change this pattern. Admitedly the profit levels of CCM were low, but this can also be attributed to the history of low investment that dates back to even before Levy took it over in 1962. The role of the EDB also has to be questioned in this regard in not assuring that a new owner would make a real effort to revive a firm that had every potential to prosper.

Another factor that was cited as influencing CCM's demise were high labour costs. Certainly CCM had considerably higher wages than many of its competitors. But this does not appear to be the dominant reason for its economic difficulties. The closure was the result of a combination of factors including market shifts, inept management, the lack of investment and capital equipment, as well as high labour costs.

The workers at the Weston shutdown lost more than most workers in similar situations. Many had worked for the company for over 20 years; they had no severance pay as unsecured creditors, and their pension fund was underfunded by up to $2.5 million.

## Gendron Industries

Gendron was a small privately owned manufacturer of baby and children products located at the corner of Ontario and Richmond Streets

in Toronto. In 1982 Gendron was placed in receivership and 160 people lost their jobs. At peak production Gendron would employ 250 workers.

The circumstances that surround this bankruptcy are unclear. The plant was unionized and management labour relations were good. The machinery at the plant was antiquated and, although some new equipment had been installed over the five years previous to the closure, efficiency at the plant was not as high as it could be. A large debt was established and the company had difficulty collecting receivables. The bank called the loans to be paid within 48 hours thus forcing the bankruptcy. The order was petitioned by the owners because of their belief that the company was slowly emerging and able to pay its debt. The matter was still in the courts at the time of this research. All assets were bought by Mattawa Furniture which now employ 30 people. The workers who lost their jobs suffered from an underfunded pension and there are reports that many were still unemployed at the time of this study.

National Drapery

The Ministry of Labour reports a layoff of 81 workers due to a bankruptcy at National Drapery Ltd. in 1982. Like many of the other bankruptcies, not much is known about the circumstances surrounding the case, although it does appear typical of the bankruptcy pattern.

National Drapery manufactured custom drapes in its 100,000 square foot plant on Weston Road. The plant had changed ownership at least four times in the last 15 years. In 1972 Goldcrest Furniture purchased National from its founder, and in 1974 when Goldcrest was purchased by Reid Paper, the division became Reid National Drapery. Under Reid, National Drapery did poorly. By 1978 National was again sold, this time to Benoliel family of Toronto.

Over expansion and the economic recession appear to be the main factors influencing National's closure. The company had become

too large and when the recession hit it couldn't cut back fast enough. A number of mistakes were made including carrying too large an inventory and numerous leases for retail outlets. Thus, overhead was high and couldn't be cut back easily when sales declined. The pattern of bankruptcy here appears typical: the firm expands aggressively, the debt burden increases, (high interest rates make this worse) the firm for one reason or another is not able to trim costs or contract easily and quickly enough, the bank gets edgy and call the loan, and bankruptcy occurs.

Today a restructured National Drapery operates under new owners in a much smaller plant in Downsview. The firm now employs only one-third of its previous number and there is no union in the plant.

Regal Toy Ltd.

Regal Toy Ltd. of Etobicoke went bankrupt early in 1984 two years after it was divested by General Mills, the large American conglomerate. Although the Ministry of Labour reports 75 workers affected, the plant had generally employed as many as 150 workers over the past several years. The predominantly female workforce was unionized.

Regal Toy was acquired by some local businessmen in 1982 from General Mills of Canada, a subsidiary of the American company of the same name. General Mills had owned Regal Toy since 1977. Regal was bought to fit into General's Parker Brothers Division. It produced dolls and other plastic toys. In 1981 the General Mills annual report notes a mixed performance for Regal Toy in that year. Plush toy sales were up 10%, but doll sales did not meet expectations even though their future looked bright. By 1982 General Mills had sold Regal because it "had not contributed to the company in a positive way for several years".

General Mills got rid of Regal because it did not fit into their long-term corporate strategy. General's strategy is to occupy those situations where their products were the only ones on the market.

Parker Brothers for example, carry only those for which it has exclusive rights or where licenses can be obtained. Regal's toys did not meet this criteria and, even though it was a profitable venture, it was divested.

In 1982 it became independent under local ownership. Management claims that the reason the business failed was because of competition from low-wage countries. Since toy manufacturing has never been very large, it hasn't developed the political clout to secure protection against import penetration similar to that obtained by the textile and footware industries. Many Canadian firms are in fact contracting out the production of toys to overseas operations to take advantage of cheaper labour. On its own, Regal could not withstand the competition. It died in 1984. Regal Toy's successor is Playmate Toys. However, Playmate will not manufacture but will import only and distribute out of part of this former manufacturing facility.

Plastiprint

According to the Ministry of Labour, Plastiprint, of Canartic Drive in Downsview, went bankrupt in 1982 and 120 people lost their jobs. There is little information on this case, although it is known that this container decorating firm last showed a profit in 1980. In the opinion of the Trustee the cause of the failure was "production problems due to loss of technical staff". However, one of the partners of the firm blames the bankruptcy on the falling out of the partners.

Harlequin Enterprises Ltd.

The Ministry of Labour shows that Harlequin Enterprises in Don Mills laid off 60 people in 1982 and 51 in 1981. Most employees were office workers.

Harlequin published the Harlequin Romance series as well as other titles. Lay offs at Harlequin can be attributed to the loss of sales. Harlequin had made enormous profits but decided there was room

for more. It had used Simon and Shuster in the U.S. to distribute its titles throughout the U.S. Harlequin believed that it could reap the fees paid to Simon and Shuster itself and decided to go it on its own. Within a year, Simon and Shuster's own Silhouette titles cut significantly into Harlequin's sales. Press runs had to be slashed and employees laid off. In August of 1984, Harlequin bought out the Silhouette Division and the former relationship is being restored.